COMMUNIST LEADERSHIP IN EAST GERMANY QUITS

MONDAY SPORTS
MASTERS TENNIS
Page 21

INTERNATIONAL Herald Tribune

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Bush and Gorbachev Declare Start of a New Era

Politburo Resigns, Honecker Punished

By Craig R. Whitney
New York Times Service

BERLIN — Most of the East German Communist Party leadership under Egon Krenz collapsed Sunday under a mounting wave of popular anger at its close identification with abuses under Erich Honecker.

Mr. Krenz and the rest of the Politburo and Central Committee resigned their party offices en masse, the official press agency ADN announced.

Mr. Honecker, who was removed as party leader by Mr. Krenz on Oct. 18, and 11 other former leading officials were expelled, and three powerful former members of the leadership were arrested Sunday on charges stemming from their abuse of power, the press agency said.

A fourth official, Alexander Schalck-Golodkowski, accused of shady dealings involving millions of dollars in foreign currency and weapons shipments, fled the country before an arrest warrant was issued for him Sunday, the press agency said.

What official state authority still remained intact appeared to be in the hands of Prime Minister Hans Modrow, whose career as party chief in Dresden gave him a reputation as a reformer.

The party's Central Committee dissolved itself into a 25-member temporary working group that will carry out preparations for a special party congress called for Dec. 15-17 to elect a new Central Committee.

The working group was composed largely of Communist Party chiefs from the country's 15 districts who were not fatally linked to the old regime. Its best-known members were Markus Wolf, the retired chief of East German espionage, and Wolfgang Berghofer, the mayor of Dresden, who told a West German magazine last week that the party congress would hardly leave a single figure from the old regime in a position of power.

Mr. Krenz's power appeared to be gone, although he retains the formal title of chief of state.

All afternoon — as in other gatherings around the country all weekend — ordinary party members who felt that their loyalties had been betrayed by leaders interested only in their own aggrandizement spoke with anger, indignation and tears about the waste of their life's work.

The crumbling Central Committee sent out the former East Berlin party chief, Günter Schabowski, to address angry party activists.

Most of their anger was focused on official revelations in recent days that their former leaders had lived like princes, with huge hunting estates run at state expense and villas furnished with Western luxuries available to no one else.

Mr. Schabowski, who edited the party newspaper Neues Deutschland for a decade, told the angry crowd that those who had been expelled included Mr. Honecker as well as the former prime minister, Willi Stoph; the former president

See BERLIN, Page 5

Prague Cabinet Assailed

Opposition Faults Party Holdovers And Plans Rally

By Blaine Harden
Washington Post Service

PRAGUE — The Communist leaders of Czechoslovakia named a new government Sunday, but the mass democratic movement Civic Forum, in an angry reaction, called for street protests on Monday and threatened another general strike.

Hundreds of people gathered late Sunday in St. Wenceslas Square to denounce the new government. They shouted slogans urging that "everyone" attend the mass protest rally on Monday.

The new cabinet, named by the Communist prime minister, Ladislav Adamec, gave the Communist Party 16 of 21 seats and failed to meet Civic Forum's demands that the Defense Ministry be headed by a civilian and that the Interior Ministry, which controls the state security apparatus, be turned over to a non-Communist.

Mr. Adamec's announcement of a new government met a deadline set last week by Civic Forum, the movement that in the last two weeks has mobilized huge demonstrations, led a nationwide general strike and forced the Communist Party to give up its constitutionally guaranteed leading role.

The new cabinet, for the first time since 1968, gave non-Communists ministerial positions. But the changes did not dent Communist control of the government.

The cabinet retained 13 of its former Communist members while adding three new Communists. Just three new ministers have no party affiliation. The small Socialist and Peoples' parties, which are just beginning to act independently after decades of kowtowing to the Communists, were each given one ministry.

"There is growing impatience of the public with the slow pace at which our wishes are being met," Petr Miller, a spokesman for Civic Forum, said on state television. "The abolition of the party's leading role has not been reflected in the composition of the government."

After saying this, Mr. Miller upped the ante on Civic Forum's challenge to the Communists. He gave Mr. Adamec, who has been the most conciliatory of the senior Communist officials in the government, until next Sunday to announce another new cabinet that "should reflect the demands of the public."

He also said that "at the latest, elections should be held next July."

Civic Forum is a two-week-old umbrella group of students, artists and dissidents. It was formed in reaction to the beating by policemen on Nov. 17 of scores of student protesters in St. Wenceslas Square.

According to Mr. Miller, Mr. Adamec has until next Sunday to come up with a new cabinet and to announce a new government policy on freedom of assembly and association. The Civic Forum also expects a policy statement that will call for the abolition of the People's Militia and the removal of Communist Party branches in factories.

"The whole national and state administration should be changed," Mr. Miller said.

Finally, Mr. Miller repeated Civic Forum's demand that the country's president, Gustav Husak, 77, a Communist closely linked with the

See CZECHS, Page 5

Doug Mills/The Associated Press

Presidents Bush and Gorbachev sharing a smile Sunday during their news conference on the Soviet liner Maxim Gorky off Malta.

Ending Old Tensions and Lofty Rhetoric

The 2 Presidents Seem Intent on Not Adding to Each Other's Problems

By Jim Hoagland
Washington Post Service

VALLETTA, Malta — Mikhail S. Gorbachev and George Bush exorcised the ghosts of Ronald Reagan and of tensions from their own past contacts on Sunday in a chummy news conference dedicated to a new era of workaday togetherness.

"Much more pragmatic," a Soviet spokesman, Gennadi I. Gerasimov, said of Mr. Bush in comparison with Ronald Reagan.

Mr. Bush "is more workmanlike," Mr. Gerasimov said. "I guess he could leave his thick reference book on the other ship."

Gone was the soaring rhetoric of Reagan-Gorbachev summit meetings in Washington and Moscow. Instead of competing to put forward bold visions, the two leaders appeared to be intent on not upstaging each other and not adding to each other's problems.

Asked anew if the Cold War were over, Mr. Gorbachev made no sweeping declaration. Instead, he said prosaically that he and Mr. Bush had "sought the answer to the question, 'Where do we stand now?' "

NEWS ANALYSIS

The positive chemistry between the two leaders stemmed largely from their command of detail over a wide range of international issues, Mr. Bush suggested. "His own personality helped," he told U.S. reporters after the news conference. "I'd like to think he thought I knew what I was talking about, so we could have a good exchange without having to go to the experts or go to the notebooks, and it worked."

Throughout the hourlong conference in a cramped stateroom aboard a Soviet cruise ship, both men showed restraint, with Mr. Bush treading lightly on Eastern Europe and Mr. Gorbachev not quarreling with Mr. Bush's sharp denunciations of Nicaragua and Cuba.

Perhaps the most delicate moment of the session for Mr. Gorbachev came when Mr. Bush was asked about German reunification, a touchy political subject for the Soviets.

Mr. Bush omitted familiar assurances that it was a matter for the German people to decide. Instead, by referring to the 35-nation conference held in Helsinki in 1975 and what Mr. Bush he said was its recognition of "permanent frontiers" in Europe, he gave an answer that Mr. Gorbachev could have delivered without changing a word.

Apparently referring to Soviet concern that a reunited Germany would present a military danger for Europe, Mr. Bush added, "We do not want to do anything that is unrealistic and causes any country to end up going backward or end up having its own people in military conflict."

The leaders sought common ground in U.S.-Soviet positions rather than playing up conflicts.

On several points, Mr. Bush identified "our aspirations shared in by President Gorbachev."

When he had to describe his rejection of Mr. Gorbachev's desire to include naval forces in arms-control negotiations, Mr. Bush said

See CHEMISTRY, Page 4

1990 Set As Target For Pacts

By Andrew Rosenthal
New York Times Service

VALLETTA, Malta — In an extraordinary public affirmation of the superpowers' journey from confrontation to comity, President Mikhail S. Gorbachev said Sunday that he and President George Bush had declared an end to the "epoch of Cold War," and the two leaders agreed to strive toward concluding treaties on long-range nuclear weapons and conventional armaments in 1990.

The first meeting between Mr. Bush and Mr. Gorbachev seemed to be one more of tone than substance; it did not produce any new treaties or specific agreements, or even a joint statement.

After eight hours of intimate discussions, they were still far apart on the issue of sea-based nuclear cruise missiles, a key sticking point on a strategic arms treaty. They also remained at odds on Central America, and U.S. officials said that Mr. Gorbachev did not give a definitive answer to Mr. Bush's proposals on an agreement reducing chemical weapons.

But Mr. Gorbachev, clearly pleased that Mr. Bush had shown some initiative on economic issues, registered approval for most of an array of proposals offered by Mr. Bush on Saturday, and the two leaders conveyed a broad sense of optimism about the course of their relations.

They ended their two-day meeting with the first joint press conference by Soviet and U.S. leaders. There had been tension aboard Mr. Gorbachev's ship, the Maxim Gorky, on Saturday night when a gale forced Mr. Bush to a cancel a talking session and a dinner. The tension lingered in the background Sunday but it melted for the public under the television lights in a 65-minute display of cordiality that ended with Mr. Bush reaching over to grasp Mr. Gorbachev's right forearm. It was remarkable for its lack of conflict over issues that have long divided East and West, including arms control, the Middle East and economic relations.

Although they said they did not reach any specific accord on how to deal with the unraveling political power structure in Europe, Mr. Bush and Mr. Gorbachev seemed optimistic even about that problem.

"We searched for the answer to the question of where do we stand now," Mr. Gorbachev said. "We stated, both of us, that the world leaves one epoch of Cold War and enters another epoch."

Mr. Gorbachev said he and Mr. Bush had agreed "that the characteristics of the Cold War should be abandoned."

"The arms race, mistrust, psychological and ideological struggle, all those should be things of the past," he said.

In his opening statement, Mr. Bush said, "With reform under way in the Soviet Union, we stand at the threshold of a brand-new era of U.S.-Soviet relations. It is within our grasp to contribute, each in our own way, to overcoming the division of Europe and ending the military confrontation there."

The two leaders did not dwell on Eastern Europe at their press conference, and U.S. officials said the subject did not take up as much of the summit talks as they had expected. Replying to a question on the Germanys, Mr. Bush adopted what had long been the Soviet position. He said the multination conference on European security that began in Helsinki "spells out a concept of permanent borders."

Mr. Gorbachev said that "any artificial acceleration" of the unification process "would only exacerbate and make it more difficult to change in many European countries those changes that are now taking place in Europe."

At times, the innately cautious Mr. Bush seemed to try to show that all was not settled between the two countries. Even then, the statements from both sides were far milder than the political rhetoric that has characterized the Soviet-American relationship for much of the past four decades.

Indeed, when it came to what U.S. officials said was the most troublesome policy dispute between the two leaders during the meeting — U.S. charges that Nicaragua is sending arms to the leftist guerrillas in El Salvador — Mr. Gorbachev said, "We understand the concerns of the United States."

Mr. Bush, for his part, said he was "angry" about the issue but was not accusing Mr. Gorbachev of anything. Noting that Nicaragua had assured the Soviet Union that the arms shipments had ended, Mr. Bush said, "I do not believe the

See SUMMIT, Page 4

U.S. Ambassador to Bonn Predicts Rapid Unity With Berlin as Capital

International Herald Tribune

PARIS — The U.S. ambassador to West Germany, Vernon A. Walters, predicted Sunday that East and West Germany would be unified at least within five years, with Berlin as the capital.

Asked whether the two Germanys would unite in five years' time, he replied, "Faster."

Movement toward reunification could come very quickly, he said, if unrest in East Germany forced elections there much earlier than next fall as planned.

Soviet policy, he said, would eventually agree to seeing West Germany remain in NATO even in a reunited Germany. But, he said, West German elections in December 1990 could touch off a divisive debate on the future of the U.S. military presence there.

Speaking in French on a Paris radio station, Europe 1, Mr. Walters said he hoped that the French and U.S. governments "would think about this question faster than they have in the past" because, he said, the pace of events in Europe was continuing to accelerate.

Kiosk

National Front Wins In France

PARIS (Reuters) — The extreme right National Front recovered a role in French national politics on Sunday by winning a by-election dominated by a debate over immigration.

Marie-France Stirbois won 61.3 percent in the final round of the poll in Dreux, west of Paris. She will be the first National Front member to sit in parliament since the party was trounced in the general elections last year.

MONDAY Q&A

AP

Salvador H. Laurel, vice president of the Philippines, says President Aquino should resign. Page 2.

General News

Alvin Ailey, who played a key role in black modern dance, is dead at 58. Page 8.

Taiwan's opposition claims a major election victory. Page 2.

Business/Finance

Two leading U.S. engine makers have joined a Japanese supersonic jet project. Page 15.

Crossword Page 7.

Rebels Fight To Hold Part Of Manila

Compiled by Our Staff From Dispatches

MANILA — Government forces battled rebellious soldiers in the financial district of Makati on Sunday after repulsing an assault by mutineers on military headquarters.

President Corazon C. Aquino, facing the gravest challenge yet to her administration, ruled out a cease-fire and vowed: "What they started, we will finish."

She turned down suggestions by cabinet members that she declare a

U.S. says it rebuffed Aquino bid to bomb rebels. Page 2.

"state of siege," according to a spokesman. That would be tantamount to martial law.

Mrs. Aquino said lower-ranking enlisted men who joined the coup attempt would not be punished.

"The attempted coup by rebel soldiers has been crushed," Defense Secretary Fidel V. Ramos said after an attack by rebels on Camp Aguinaldo, the military headquarters.

Government officials have said several times that the coup attempt, the fifth military uprising against Mrs. Aquino since she came to power nearly four years ago, had effectively been turned back. But they also say fighting will continue as they mop up the last traces of resistance.

The chief of staff, General Renato de Villa, said pro-government forces had confined the mutineers to an 11-building area in Makati, where many foreign embassies are located and where many foreign diplomats and businessmen live.

However, junior and middle-grade officers in several provincial commands declared their support Sunday for the rebellion, which began Friday. Rebels also maintained control of Mactan Air Base in Cebu, 560 kilometers (350 miles) south of Manila.

At least 56 people have been

See MANILA, Page 5

The Summit at Sea: The Key Points

International Herald Tribune

Presidents Bush and Gorbachev said Sunday that they had started their countries down a long road to a long peace.

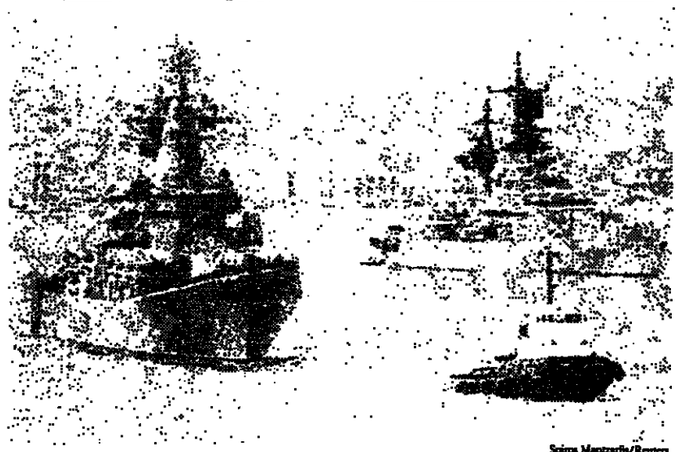
Mr. Gorbachev pledged that the Soviet Union would never launch a "hot war" against the United States, and Mr. Bush went further than any previous U.S. leader in promoting Soviet involvement in world trade.

Agreements were reached on:

- A START treaty deeply cutting both countries' intercontinental nuclear weapons, probably to be concluded in time for a summit meeting in late June.
- An accord in the 23-nation East-West negotiations on cutting conventional forces in Europe, to be signed late next year.
- Improving access to the U.S. market for Soviet exports — known as most-favored-nation status — if the Soviet legislature passes emigration laws in time for a U.S.-Soviet commercial agreement, to be signed at the June summit meeting.
- U.S. backing of Soviet observer status in the General Agreement on Trade and Tariffs, the regulatory body for world trade.
- Each country's role in the Middle East. There was acknowledgment that both were constructively seeking peace in Lebanon.

Disagreements emerged on:

- Central America, notably U.S. allegations on Nicaraguan arms shipments to Salvadoran insurgents. The Soviets denied that such shipments were occurring; the United States suggested that Nicaragua was hiding its role.
- A U.S. proposal to limit chemical weapons in each country to one-fifth of the U.S. stockpile. The Soviet Union seeks a ban.
- Soviet calls for naval arms control. Mr. Bush maintained U.S. objections to negotiating on shipborne nuclear cruise missiles in connection with START. He also objected to the inclusion of warships in arms-limitation measures.



Spiros Mantzavelis/Reuters

A Maltese tug shifting the Soviet guided-missile cruiser Slava in Marsaxlokk Bay.

The Malta Blues: Tempest, Tempers and Taunts

By Maureen Dowd
New York Times Service

VALLETTA, Malta — President George Bush tried to put his feet up, but Mikhail S. Gorbachev did not join him. They never even took their coats off. Their cozy Saturday dinner and their Sunday stroll on deck were called off because of rain.

Mr. Bush and Mr. Gorbachev came out of their waterlogged and businesslike summit meeting sounding appropriately warm and fuzzy. But great rivalries do not become great alliances overnight.

The angle may have been more oblique, but the darts continued to fly on Sunday between East and West.

Perhaps White House officials were fed up with a year of descriptions of Mr. Bush as cautious and Mr. Gorbachev as bold.

Or maybe they were worried that their forced confinement overnight on the U.S. cruiser Belknap, disrupting the Saturday evening schedule, had made them look foolish.

Whatever the reason, the taunts from the White House began early.

When Mr. Gorbachev refused to attend the session scheduled on Sunday aboard the U.S. warship, advised by a Soviet admiral that the waves in Marsaxlokk Bay were still too choppy to be safe, the Americans suggested that the Soviets were scaredy-cats.

So the Soviets want to stay at the staid old dock on their

REPORTER'S NOTEBOOK

champagne-and-caviar-stocked luxury liner, the Americans sneered.

Asked if the White House was embarrassed that the truncated summit meeting had been held only on the more stable liner Maxim Gorky, the presidential spokesman, Marlin Fitzwater, shot back, "The only embarrassing part is that they don't want to come out to their own ship or our ship."

"We loved being on the Belknap," Mr. Fitzwater added, wearing a yellow slicker and using a tone that implied that the Americans had hardier constitutions.

For good measure, he issued another of his press releases painting his boss as the captain in the Maltese storm: "He loves the sea. The president made a final visit to the bridge and the aft deck of the ship about 10 last night. The president seemed energized by the intensity of the storm."

□

The Soviets taunted back.

Told by a U.S. official of Mr. Bush's three attempts during the storm on Saturday to board the Belknap from a barge, an operation in which a starboard ladder broke, Mr. Gorbachev remarked testily, "Better teach your navy how to repair."

Mr. Bush wanted to visit the Soviet cruiser Slava on Sunday for a courtesy call, but Mr. Gorbachev refused. He offered a convoluted excuse, saying that he did not want Mr. Bush to visit the Slava without full military honors and that there could not be full military honors unless he was present, and he was not present because he was on the Gorky.

The Soviet spokesman, Gennadi I. Gerasimov, said he was displeased by the U.S. quarantine, which forced cancellation of his joint press briefing with Mr. Fitzwater on Saturday night.

This meant that, for the first time, most of the press

See MALTA, Page 4

U.S. Says It Rebuffed Aquino On Request to Bomb Rebels

By Patrick E. Tyler and John Goshko
Washington Post Service

WASHINGTON — The Bush administration rejected requests last week from the government of President Corazon C. Aquino of the Philippines for U.S. warplanes to bomb and strafe rebel air bases and other targets to help her defeat the military coup attempt.

The administration, in a response worked out by President George Bush, who was in Air Force One en route to the Malta summit meeting, and his advisers at the White House and Pentagon then offered to provide less lethal "combat air patrols" by U.S. jets to help keep rebel aircraft on the ground, according to senior officials.

The disclosure that the Filipinos sought far more U.S. military action than the Bush administration was willing to provide was at variance with earlier accounts.

Two administration officials said the Aquino government request for U.S. air attacks was directed at trying to destroy Filipino warplanes, armored personnel carriers and other weapons and equipment used by the rebel force to secure three military bases and two broadcast stations they seized in the coup attempt that began early Friday.

At the height of the crisis, rebel planes bombed the presidential palace while firefights between loyal and opposition forces engulfed key military bases and spilled out into the streets of Manila.

Senior U.S. officials said Saturday that after lengthy White House deliberations by officials who were in frequent contact with Mr. Bush, a carefully worded response was sent to Mrs. Aquino's government making a limited offer of military assistance, implicitly advising Mrs. Aquino to tailor her request to conform to U.S. terms.

[A Philippines government spokesman denied Sunday that Mrs. Aquino had asked the United States to bomb rebel strongholds, United Press International reported from Manila.

[A deputy press secretary said that the U.S. ambassador, Nicholas Platt, asked the Aquino government if the United States could provide assistance at the beginning of the coup and that Mrs. Aquino, after consulting with her generals, told him she only needed air cover.]

In early accounts of their deliberations, administration officials said they committed U.S. fighter jets to the defense of Mrs. Aquino's government only after she made a formal request through Mr. Platt.

But a senior administration official involved in the hour-by-hour monitoring of the crisis from Washington disclosed later that the full story was somewhat different.

Early in the coup, this official said, Bush administration officials conveyed a direct offer of assistance to Mrs. Aquino that was stated in general terms.

The official said there was "no specificity" to this offer and he denied that Mrs. Aquino was presented with a range of U.S. military assistance options.

The new details that emerged over the weekend indicated a far more desperate state of affairs on the ground in Manila, where Mrs. Aquino's defense secretary, Fidel V. Ramos, was making multiple and "urgent" requests for U.S. air strikes on several rebel targets, according to administration officials.

One U.S. official said General Colin L. Powell, chairman of the Joint Chiefs of Staff, and other national security advisers were reluctant to commit U.S. forces to attacking ground targets.

He added that U.S. officials could not rule out that U.S. advisers or military visitors were on the bases that had been taken over by the rebels.

"We wanted to do something that would accomplish the same ends," the official said, referring to the plan to prevent rebel planes from taking off. He said the U.S. F-4 Phantoms made extremely low overflights of the rebel air bases as a warning.

On Saturday, U.S. jet fighters were in a "stand down" position, and flew no patrols, officials said.

Administration officials indicated that they were reluctant to engage in an extended recapitulation of the coup and U.S.-Filipino conversations because of the political sensitivities in the Philippines to any kind of U.S. intervention.

In addition, American officials have expressed concern about the complicated political circumstances that surround the U.S. decision to intervene in a country that holds two major U.S. Pacific bases — Subic Bay Naval Base and Clark Air Base — and where there have been five coup attempts against Mrs. Aquino since she took office at the head of a popular uprising against Ferdinand E. Marcos in 1986.

Negotiations to renew the U.S. basing agreement in the Philippines are scheduled to resume this month.

■ U.S. Sells Weaponry

Thomas L. Friedman of The New York Times reported from Washington:

The Bush Administration has granted a Philippine request for the quick sale and transfer of hundreds of anti-tank weapons from U.S. bases, officials said Sunday.

Mr. Ramos contacted the U.S. Embassy late Saturday and requested that the weapons be sold immediately, so that they could be distributed to his loyalist troops for street fighting. The weapons, called a LAW, is a light, shoulder-fired, bazookalike weapon capable of disabling large armored vehicles.

Administration officials said that although the Philippine military had some of these weapons in stock, they were not available in Manila in sufficient numbers to be of use.

Joseph Capellen/The Associated Press

A Philippine Marine captain, weeping moments after surrendering Sunday, is embraced by a pro-government officer, Lieutenant Colonel Roberto Jaymalin, at Camp Aguinaldo, just outside Manila.

Vice President Laurel Says Aquino Should Resign

Salvador H. Laurel is vice president of the Philippines and leader of the opposition Nacionalista Party. Although he was allied with Corazon C. Aquino in the election that drove Ferdinand E. Marcos from power in 1986, Mr. Laurel has become an outspoken critic of President Aquino. Stranded in Hong Kong on his way home from London because of the closure of the Manila airport after the coup attempt, Mr. Laurel spoke with Daniela Deane of the International Herald Tribune.

Q. There had been many rumors in the local press about an impending coup attempt in Manila. Was it just a coincidence that you happened to be out of the country at the time?

A. It was just plain coincidence. I went to London to see my son performing. He's a part of the cast of "Miss Saigon." And also my daughter, who was stricken with cancer a year ago, is now completely healed. And so I said we would meet in London. ... I'm waiting for the first opportunity to get back to where the action is.

Q. Did you support this attempted coup?

A. No, I did not. These reformists — they'd rather be called reformists than rebels — they are for good government, a good, clean honest and efficient government. So is the legitimate opposition, which I head, the Nacionalista Party. ... Our main difference is that they believe in resorting to violent means and we are not in favor of the use of any violent means.

•

Q. What prompted this violent attempt to grab power?

A. There are four major failures on the part of the Aquino administration. First, the failure to unite the people. Second, failure to enforce the law, especially the laws on graft and corruption. Third, failure to deliver basic services, like power, electricity and rice. Fourth, the failure to provide leadership.

Q. Are you saying that President Aquino deserved this?

A. I don't think anybody deserves a violent coup, but no one is surprised that people have resorted to this.

Q. Isn't that a rather odd statement from a vice president?

A. You mean, shouldn't I be supportive of the president being her vice president? That is so if we belong to the same party. But I happen to be the leader of the opposition.

•

Q. Who plotted this coup attempt?

A. I don't know. But it's much bigger than August 1987. Now there are a number of generals involved.

Q. What do you think about the United States providing air cover for loyalist troops during the coup attempt?

A. I think it could be a very serious mistake on the part of the United States to get itself involved in a purely internal affair of the Philippines.

Filipinos see those American planes, which are based at the two U.S. bases, being used against Filipinos. That may change the attitude of Filipinos toward those bases, whose extension is supposed to be negotiated next month.

•

Q. Do you think the U.S. action helped turn the tide in President Aquino's favor?

A. Definitely. It was the only thing that saved Mrs. Aquino. It is the only thing that is keeping her in the presidency. The United States' armed interference in this matter is what is keeping Mrs. Aquino president of the Philippines.

Q. What should President Aquino do now?

A. President Aquino should step down. I'd be willing to step down with her. Let Congress also step down. Let's call a general election and resolve this matter by the ballot instead of the bullet. Mrs. Aquino should abandon her ultimatum of surrender or die. You don't say that to a soldier who is fully armed and ready to go into combat.

MONDAY Q&A

Taiwan Opposition Claims Major Election Victory

By Nicholas D. Kristof
New York Times Service

TAIPEI — The opposition Democratic Progressive Party claimed a major election victory on Sunday and said its performance would have been more impressive if not for vote-buying and election fraud.

The government denied the charges of misconduct in the national legislative elections on Saturday, the first in which an opposition party was legally allowed to compete.

Final results available Sunday showed that the Democratic Progressive Party won 21 seats in the legislature, and the ruling Nationalist Party won 72. Independents won eight seats.

In the competition for 21 posts as county magistrates and mayors, the Nationalists won 14; the Democratic Progressives gained six posts, and an independent won the remaining post.

There were still no official results for the percentages of the popular vote received. The government spokesman, Shaw Yu-ming, estimated that the ruling Nationalists had received 65 to 70 percent of the vote, with 20 to 25 percent going to the Democratic Progressives and the remainder to independents and other parties.

But Tsai Shih-yuan, deputy secretary general of the opposition party, said it had received 38 percent of the vote in the mayoral and county races, and 45 percent of the vote when counting only those races where it fielded a candidate.

"It was a big victory for the opposition," Mr. Tsai said.

"They can say whatever they want," Mr. Shaw retorted. He noted that the Nationalists still won a considerable majority of the votes and the seats.

Several local journalists and business executives, including some sympathetic to the opposition, repeated in interviews the common assertion that the Nationalist Party was so linked to government and to the press that the election was skewed.

They added that vote-buying, although practiced by candidates on both sides, was more prevalent among the Nationalist candidates. But they said it was unlikely that significant fraud took place during voting or during the counting of ballots.

"Our key judgment is that this year's election was the most free and fair in Taiwan's history," a team of five U.S. members of Congress, in Taiwan to observe the election, said Sunday.

But the delegation, which was led by Stephen J. Solarz, Democrat of New York, added that Taiwan should take further steps to create a "level playing field" on which the political parties can compete.

Mr. Solarz has sometimes offended officials in Taiwan because of his support for dissidents, but on this occasion it seemed that the authorities would be delighted with the contrast he made with the People's Republic of China.

"The entire world can see the contrast between Taiwan and the PRC," Mr. Solarz said. "In the PRC, when the people ask for democracy, they are greeted with a hail of bullets, and Beijing is drowned in a river of blood."

In Taiwan, when people demand democracy, they are given an opportunity to participate in an electoral process and can vote for the candidates of their choice."

The Global Newspaper.

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Beijing Opens New Hunt for Dissidents

By Daniel Southerland
Washington Post Service

BEIJING — The authorities have started a new wave of investigations aimed at tracking down and prosecuting participants in the student-led democracy movement, according to Chinese sources.

The targets of the unannounced dragnet include students and Communist Party members who supported the movement last spring.

In a recent, unpublicized speech, the hard-line Beijing Communist Party leader, Li Ximing, expressed his dissatisfaction with the slowness of the hunt for party members in the capital who backed calls for political change during the democracy movement.

Mr. Li urged a renewed and strengthened campaign to identify and weed them out.

The official Xinhua news agency indicated last week that the round-up of those who took part in the demonstrations would extend well into next year. Prosecutors throughout the country will give high priority next year to cracking down on "anti-government rioters and other major criminals," Xinhua said.

Sources at Beijing Normal University, which played a leading role in the democracy movement, said that many students there were required recently to submit written statements for a second time about their activities last spring, because the authorities apparently had not been satisfied with their first accounts.

In Shanghai, the official Liberation Daily last week reported two arrests by police who it said had spent October and November pursuing "the chief organizers and creators of turmoil and counterrevolutionary rebellion."

A person who had burned military vehicles in Beijing was arrested at the Shanghai railroad station on Nov. 7, the paper said. It gave his name as Gu Hao.

Liberation Daily said the other person apprehended was the leader of a "dare-to-die brigade" that provided security for student leaders during the "period of turmoil." That arrest, of Wang Baikun, was made on Nov. 16, it said.

The newspaper also reported the sentencing in early November of eight Shanghai workers to prison terms of from two to eight years. They had been accused of destroying public property and disturbing the social order during the demonstrations.

Two trial notices were posted outside the People's Intermediate Court in Beijing last week. One of the defendants was charged with "counterrevolutionary sabotage"; the other with espionage and "counterrevolutionary propaganda and agitation."

Court officials, reached by telephone, declined to comment on the two cases. One of them told a foreign reporter, "You know that it's not permitted to ask questions like that."

When the reporter went to the court to photograph the posted trial notices, a court official ripped them down.

■ 100 Defy a Ban at Park

About 100 Chinese turned out Sunday to defy a government ban on frequenting an area in a Beijing park where people have gathered for years on Sundays to practice their English-language skills with foreigners, Reuters reported from Beijing.

The area, a glade in Purple Bamboo Park that is known as "English Corner," was cordoned off. Official notices nearby proclaimed that "English Corner has been withdrawn."

But students and workers, in a rare flicker of dissent against the government, said they would ignore the ban and continue to hold Sunday conversation sessions until they were driven away by force.

In his unpublished speech, Mr. Li called for a "thorough elimination of the evil" of counterrevolutionaries lurking in the Beijing party, according to United Press International.

Mr. Li, who helped plan and carry out the military suppression of the movement in the capital in early June, was reported to have been angered by reports from Beijing work units that only 5,000 party members had participated in the pro-democracy demonstrations.

He demanded that the purge be completed by the end of this year, but sources indicated that the campaign would have to be extended into next year because many party members were unwilling to confess to any wrongdoing.

In some cases, leaders of work units were said to be protecting their subordinates from investigation and prosecution.

In another development, the police halted the opening Saturday of an art exhibit by six Chinese painters sponsored by the Foreign Correspondents Club in Beijing.

The police said the exhibit could not take place because the correspondents club had not received official permission to hold it. The reporters were told that their actions were incompatible with their status as journalists.

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WORLD BRIEFS

Rebel Returns to Oppose Sandinistas

MANAGUA (NYT) — After eight years in exile, the former Sandinista hero Edén Pastora Gómez returned to Nicaragua on Sunday, vowing to forge a "third path" in the country's polarized political life.

Speaking to a crowd of 1,500 cheering supporters on the steps of the National Palace, which he once seized as leader of a Sandinista commando team in 1978, Mr. Pastora said he would not be a candidate in national elections scheduled for February 1990.

But the former guerrilla commander declared that he had come to press his nationalistic vision of a Nicaragua free from superpower influence. He said he would campaign on behalf of Erick Ramírez Benavente, a presidential candidate who has kept his faction of the Social Christian Party independent of the Sandinista Front and of its main opponents, the National Opposition Union.

The arrival of Mr. Pastora, a passionate speaker and legendary figure in the Sandinista revolution, brought a surge of excitement in the streets, where he has over the years been hunted as a terrorist, then hailed as a hero, then reviled as a traitor.

Israel Army Kills Palestinian Girl, 11

GAZA, Israeli-Occupied Gaza Strip (Reuters) — Israeli troops shot and killed an 11-year-old Palestinian girl on Sunday during protests sweeping the Gaza Strip against the army's killing of four Arab militants, hospital officials and witnesses said.

The girl, Sabah Ahmed Baalusha, was shot in the head during clashes between soldiers and stone-throwing protesters in Shati refugee district. Her brother said soldiers fired at random into the alley where the family lives.

Arabs angered by Friday's killing of four wanted Palestinians staged a full commercial strike and demonstrated on the streets throughout the Gaza Strip, witnesses said. The four members of the so-called Black Panther squad were suspected of shooting, stabbing or hacking to death at least 16 Palestinians who they said had collaborated with Israeli authorities.

Singh Is Sworn In as Prime Minister

NEW DELHI (Reuters) — Vishwanath Pratap Singh, who until two days ago said he just wanted to run his Janata Dal party, has been sworn in as prime minister.

President Ramaswamy Venkataraman swore in Mr. Singh, 58, in Ashoka Hall of the presidential palace on Saturday in the colonial part of New Delhi. Mr. Singh protested until Friday he did not want to be prime minister. Now he has 30 days to win a vote of confidence for his minority government. Rajiv Gandhi, the former prime minister and head of the Congress (I) Party, sat in the front row of the hall and later said he hoped the government would last five years.

For Emirates, U.S. Is 'No. 2 Enemy'

ABU DHABI (AP) — The president of the United Arab Emirates, Sheikh Zayed ibn Sultan al Nahyan, denounced the United States on Sunday as the "No. 2 enemy" of the Arabs after Israel, but praised Britain warmly and paid tribute to the Soviet Union.

"Israel is our No. 1 enemy, and America is our No. 2 enemy," he said at a news conference during celebrations marking the country's 18th anniversary. "America supports Israel in its intransigence against the rightful cause of the Palestinians."

Sheikh Zayed praised Britain as "the one European power closest to us, a power without drawbacks, a power worthy of respect." Alluding to the relatively recent establishment of diplomatic relations with Moscow, he added, "We have tried the Soviet Union and found that they build their ties with other powers on mutual respect."

17 Sri Lanka Troops Die in Ambush

COLOMBO (AP) — At least 17 government soldiers were killed when members of an outlawed Tamil army group ambushed their vehicle in the northern Vavunia district Sunday, a military official said.

The official said the gunmen attacked the vehicle with grenades and then sprayed bullets on the soldiers. The victims, all Sinhalese, were returning to their camp after marketing. Vavunia is 172 kilometers (107 miles) north of Colombo.

In an unrelated development, 115 people believed to belong to the Sinhalese People's Liberation Front have surrendered to the government since Friday, an official said in Colombo on Sunday. Air force helicopters had dropped 350,000 leaflets asking Sinhalese radicals to surrender.

For the Record

Cambodian government troops have launched a major offensive against rebel forces in northwestern Cambodia, killing 173 guerrillas, Phnom Penh's official radio said on Sunday. *(AFP)*

Sporadic fighting in San Salvador was reported Sunday to be continuing in three districts. The government said that the working-class Soyapango district had been taken over after battles that killed 19 guerrillas and 10 government soldiers. *(AP)*

Nearly 100 percent of Moroccan voters have voted in a referendum in favor of delaying municipal and legislative elections until after a UN-sponsored vote on the status of the Western Sahara. The elections have been moved from September 1990 to November 1991. *(AP)*

King Hussein of Jordan has chosen Mudar Badran, a tough former prime minister, to head a new government. Officials said the present prime minister, Zeid ibn Shaker, would resign on Monday. *(Reuters)*

TRAVEL UPDATE

Dublin Suffers Worst Smog of Year

DUBLIN (Reuters) — Smog in Dublin was almost four times above European Community limits on Sunday, and weather forecasters said they feared that very cold weather and a lack of wind, which produced the smog buildup, would continue for some time.

Monitoring station data showed the worst smog so far this year in the Irish capital, 916 micrograms of smoke per cubic meter of air. "People are dying and will continue to die because of smog," a respiratory consultant, Dr. Luke Clancy, said. He said that admissions to Saint James Hospital had soared because of respiratory ailments and that the hospital was full.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Haiti, Thailand.
WEDNESDAY: Ecuador, Finland, Spain.
THURSDAY: Ivory Coast.
FRIDAY: Andorra, Argentina, Austria, Chile, Colombia, Costa Rica, Guam, Italy, Liechtenstein, Macao, Malta, Monaco, Nicaragua, Panama, Paraguay, Peru, Portugal, San Marino, Spain, Vatican City, Venezuela.
SATURDAY: Tanzania.
SUNDAY: Angola, Equatorial Guinea, Namibia, Thailand.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	2	36	-3	27	fr
Athens	9	48	6	43	r
Barcelona	13	55	6	43	fr
Belgrade	2	36	-5	23	fr
Berlin	0	32	-5	23	fr
Brussels	5	41	-3	27	fr
Budapest	0	32	-6	21	fr
Copenhagen	5	41	-2	28	fr
Costa Del Sol	16	61	12	54	r
Dublin	6	43	4	39	c
Edinburgh	4	39	-1	30	r
Faro	15	59	14	57	r
Florence	14	57	3	37	fr
Frankfurt	4	39	-3	27	fr
Geneva	0	32	0	32	c
Helsinki	0	32	-3	27	c
Las Palmas	23	73	19	66	fr
Lisbon	12	54	11	52	r
London	4	39	1	34	fr
Luxembourg	5	41	-1	30	fr
Madrid	8	46	3	37	c
Milan	7	45	-5	23	c
Moscow	2	36	-2	28	c
Munich	1	34	-7	19	c
Nice	13	55	5	41	fr
Oslo	-1	30	-6	21	fr
Paris	4	39	-1	30	fr
Prague	-1	30	-11	12	fr
Reykjavik	1	34	0	32	fr
Rome	10	50	0	32	fr
Stockholm	4	39	-2	28	c
Strasbourg	2	36	-8	18	fr
Venice	10	50	0	32	fr
Vienna	1	34	-4	25	fr
Warsaw	0	32	-5	23	fr
Zurich	-2	28	-3	27	c

MIDDLE EAST

Ankara	-1	30	-6	21	sw
Cairo	16	61	11	52	c
Istanbul	6	43	1	34	fr
Jerusalem	12	54	5	41	fr
Tel Aviv	17	63	4	39	cl

OCEANIA

Auckland	—	—	—	—	na
Sydney	25	77	20	68	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	29	84	17	63	fr
Beijing	19	66	-1	30	fr
Hong Kong	22	72	16	61	fr
Manila	—	—	—	—	na
New Delhi	21	70	7	45	fr
Seoul	15	59	4	39	fr
Shanghai	20	68	3	37	fr
Singapore	27	81	24	75	r
Taipei	22	72	13	55	fr
Tokyo	19	66	6	43	fr

AFRICA

Algiers	18	64	7	48	fr
Cape Town	26	79	16	61	cl
Casablanca	20	68	14	61	r
Harare	28	82	17	63	cl
Lagos	32	90	25	77	cl
Nairobi	23	73	15	59	cl
Tunis	14	57	13	55	r

LATIN AMERICA

Buenos Aires	22	90	16	61	cl
Lima	23	73	17	63	cl
Mexico City	18	64	9	48	sh
Rio de Janeiro	27	81	20	68	cl

NORTH AMERICA

Anchorage	1	34	-1	30	r
Atlanta	7	45	-6	21	pc
Boston	7	45	-6	21	pc
Chicago	-5	23	-10	14	fr
Denver	13	55	-4	25	fr
Detroit	-7	19	-13	9	fr
Honolulu	28	82	19	66	fr
Houston	15	59	0	32	pc
Los Angeles	27	81	10	50	fr
Miami	24	75	9	48	pc
Minneapolis	-5	23	-9	16	fr
Montreal	-9	16	-14	7	sf
Nassau	25	77	19	66	sh
New York	-1	30	-8	18	pc
Phoenix	24	75	7	45	pc
San Francisco	19	66	8	46	pc
Seattle	12	54	8	46	sh
Toronto	-10	14	-12	10	sw
Washington	1	34	-6	21	cl

cl-cloudy; fa-fossy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Fair. Temp. 3 — 7 (37 — 45). LONDON: Cloudy. Temp. 7 — 8 (45 — 52). MADRID: Cloudy. Temp. 13 — 1 (59 — 34). NEW YORK: Partly cloudy. Temp. 1 — 4 (30 — 25). PARIS: Fair. Temp. 7 — 4 (45 — 25). ROME: Fair. Temp. 12 — 5 (54 — 30). TEL AVIV: Not available. ZURICH: Cloudy. Temp. 1 — 4 (30 — 25). BANGKOK: Cloudy. Temp. 29 — 17 (84 — 63). HONG KONG: Not available. MANILA: Fair. Temp. 30 — 17 (86 — 63). SEOUL: Fair. Temp. 22 — 16 (72 — 61). SINGAPORE: Rain. Temp. 26 — 24 (79 — 75). TOKYO: Fair. Temp. 19 — 9 (66 — 48).

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THE MALTA SUMMIT: Military and economic alliances assume new importance as possible bridges between East and West.

Gorbachev, in Shift, Sees Future Political Role for Eastern and Western Alliances

Washington Post Service

VALLETTA, Malta — Mikhail S. Gorbachev proposed Sunday at the end of his talks with George Bush that the Eastern and Western alliances undertake significant long-term roles in managing the political change now sweeping Europe.

NATO and the Warsaw Pact "should not remain military alliances," Mr. Gorbachev said, but rather become "military-political alliances and, later on, just political alliances."

"Their nature would change in accordance with the changes on the Continent," he suggested.

The crumbling of Soviet control over Eastern Europe and the resurgence of demands for German reunification appear to have caused a Soviet reassessment of the future of the Warsaw Pact and of the North Atlantic Treaty Organization, Western officials who have talked recently with Mr. Gorbachev in Moscow and Rome have concluded.

In these discussions, Mr. Gorbachev talked of transforming the alliances rather than dismantling them, according to officials in Paris, Bonn and Rome.

The Soviets are now much more cautious about the prospect of dismantling the two military blocs, the Italian foreign minister, Gianni De Michelis, said in Rome on Thursday after meeting with Mr. Gorbachev and the Soviet foreign minister, Eduard A. Shevardnadze.

"They emphasized that things have to go step by step now, without shortcuts," Mr. De Michelis said.

Mr. Gorbachev alluded publicly to his design for a new European order in Rome on Thursday by calling for a 35-nation European summit meeting next year that would include the United States and the Soviet Union. He suggested that the conference ratify a conventional-arms reduction accord that NATO and the Warsaw Pact are attempting to negotiate in Vienna.

U.S. officials said that United States had agreed to the holding of a 23-nation summit meeting in Vienna to sign a conventional arms agreement. But the Soviet Union still is pushing for a summit conference attended by all 35 members of the Conference on Security and Cooperation in Europe, including neutral nations in Europe as well as the members of NATO and the Warsaw Pact.

"We are discussing this summit; we have not reached agreement yet," the spokesman for the Soviet Foreign Ministry, Gennadi I. Gerasimov said Sunday after talks between Mr. Gorbachev and Mr. Bush ended.

Mr. Gorbachev evidently sees the Conference on Security and Cooperation in Europe as the key diplomatic instrument for meeting two newly vital needs. These are the need to contain the new links that Warsaw Pact members are forging individually with the West and the desire to maintain the existence of two German states.

The evolution in Soviet thinking on the future role of the military alliances is evident in the gap that exists between Mr. Gorbachev's remarks in Rome and his last major speech in Europe, which was delivered on July 6 in Strasbourg, France.

The Strasbourg speech was delivered before hard-line governments in Poland, East Germany, Czechoslovakia and Bulgaria were swept away and before Hungary permanently opened its frontier with Austria for East German refugees.

In it, Mr. Gorbachev advanced the traditional Soviet aim of "dismantling military blocs," without any mention of a need to transform them into political-military organizations.

But when he met privately with a group of French and West German lawmakers last month, he spoke only of gradually transforming the two blocs into organizations

'We have no master plan, no desire to drive America out of Europe.'

Andrei Kokoshin, Soviet disarmament expert

that could negotiate and implement arms-control agreements, according to Western sources.

Two other trends have also become apparent in recent weeks in Soviet thinking on security issues in Europe.

The Soviets continue to call for the removal of all foreign bases and troops from Europe by the year 2000. But they seem to be separating the issue of bases from the continuing existence of the two alliances, which is being left as an open-ended question.

Second, there is an emerging Soviet emphasis on the contribution to stability that a continuing U.S. presence in Europe will have as new political, economic and security arrangements are worked out.

Mr. Gorbachev surprised and irritated his Italian hosts last week by repeating a standard Soviet demand for the removal of foreign warships from the Mediterranean in a toast at a ceremonial dinner. But when it came to the private talks with officials, he apparently made no mention of Italy's prominent role in NATO and as host of the American 6th Fleet.

Andrei Kokoshin, one of the Soviet Union's leading civilian experts on disarmament in Europe, said Saturday in an interview that he could "imagine a situation when there will be no foreign troops on European soil, but we will still have the alliances in some form."

The Soviet leadership has supported the dismantling of the alliances as an ultimate goal, Mr. Kokoshin said. "The period this will take is still unknown," he said. "It will require several stages."

Mr. Kokoshin emphasized that he was offering a personal view. But as deputy director of the official U.S.A. and Canada Institute, he is one of a small group of Soviet intellectuals whose writings on military matters have reflected many features of Mr. Gorbachev's evolving security policies before they have been enunciated publicly.

On the American presence in Europe, Mr. Kokoshin added: "We have no master plan, no desire to drive America out of Europe. In calling for a new Helsinki mechanism we have chosen a framework that gives the United States and Canada legitimate roles in Europe."

An updated framework for the Conference on Security and Cooperation would provide new flexibility for the European members of both alliances to join each other and neutral nations in smaller regional groupings, Mr. Kokoshin said.

He cited current talks among Italy, Hungary, Austria and Yugoslavia on a regional compact as an initial part of this process.

The convening of a pan-European summit conference holds two other advantages for Mr. Gorbachev, in the view of Western officials who have had an opportunity to discuss the idea with him.

First, it provides a new stimulus to the the Conventional Forces in Europe negotiations in Vienna.

Mr. De Michelis of Italy and the West German foreign minister, Hans-Dietrich Genscher, will go to Vienna in January to back the Soviet desire for an early meeting of foreign ministers, either of the 23-nation Conventional Forces in Europe forum or the 35-nation Conference on Security and Cooperation in Europe.

The Helsinki formula also allows the Soviets to stress that Europe and the two superpowers already formally accepted the existence of two Germanys at the 1975 conference.

In a speech in London last month, another leading Soviet military analyst, Sergei Karaganov, deputy director of Moscow's Institute of Europe, said that the German question had to be resolved "on a comprehensive European basis" that in his view could involve a "two states-one economy arrangement" for Germany.

Far from being obsolete, NATO and the Warsaw Pact should continue to exist and should work creatively for a new "superinstitution" spanning common security interests between East and West, Mr. Karaganov said.

— JIM HOAGLAND

A Helping Hand for Moscow

Bush Vows to Ease Soviets' Way Into World Trade Body

By Barry James
International Herald Tribune

President George Bush gave a major lift to Soviet aspirations to join the international trading system on Sunday by pledging to support Soviet observer status in the General Agreement on Tariffs and Trade, or GATT, the Geneva-based 96-nation body that administers world trade rules.

As recently as October, Secretary of State James A. Baker 3rd dismissed talk of Soviet membership in the trade organization as premature.

The organization is holding its annual meeting in Geneva this week, but officials said they doubted that Moscow would be allowed to send observers to this meeting because of the need for countries besides the United States to approve.

It is more likely, they said, that the Soviet Union will be admitted to observer status with the GATT council early next year. The council meets monthly to guide the routine affairs of the organization.

Observer status with the council would not commit the Soviet Union to joining the agreement on tariffs and trade, nor would it commit member countries to accepting a Soviet candidacy. No rule says that if a country becomes an observer it must then pursue a membership application, although in most cases this does happen.

Observer status would enable the Soviet Union to study the workings of the organization at a time when it is likely to undergo radical and far-reaching institutional and rule changes as a result of the Uruguay Round, the biggest trade negotiations in history.

But being an observer to the council would not also allow the Soviet Union to become an observer to the trade talks, which are scheduled to conclude at the end of 1990.

"One of the most fruitful parts of our discussion related to the economy," said Mr. Bush, who told Mikhail S. Gorbachev that he wants negotiators to conclude a new U.S.-Soviet commercial agreement by the time of their next summit meeting in June 1990.

Provided that the Supreme Soviet has by that time passed a law guaranteeing free emigration to Soviet citizens, in particular Jews, Mr. Bush will then grant most-favored-nation trade status to the Soviets, according to U.S. officials in Malta.

This would be an important factor in whether the Soviet Union eventually joins the tariff and trade agreement, since the most-favored-nation clause is the first and one of the most important of the organization's principles. The clause binds contracting parties to grant to one another treatment as favorable as they give to any county in the application and administration of import and export duties and charges.

The agreement on tariffs and trade already includes four East European countries, Poland, Czechoslovakia, Hungary and Romania. Hungary is also a member of the 14-nation Cairns Group which seeks a radical liberalization of world trade in agriculture.

Mr. Gorbachev said at a joint news conference with Mr. Bush on Sunday that the Soviet Union was seeking to turn its country drastically toward cooperation with other counties "so that it would be part and parcel with the world economic system."

Doug Mills/The Associated Press

President George Bush peering out of his launch Sunday en route to meet Mikhail S. Gorbachev on the Soviet liner Maxim Gorky.

U.S. Accepts Denial by Moscow on Latin Arms

Reuters

VALLETTA, Malta — President George Bush said Sunday that he accepted the Soviet Union's word that it was not sending arms to rebels in El Salvador, and he accused Nicaragua of lying to its Moscow ally about ferrying weapons.

Although saying that he and the Soviet president, Mikhail S. Gorbachev, still differed over arms for rebels in Central America, Mr. Bush said the differences had been narrowed during the leaders' weekend meeting.

Last week, Mr. Bush said Soviet weapons were fueling the leftist offensive in El Salvador. After the Malta meeting, he said that he was not accusing Moscow directly of supplying arms to Salvadoran guerrillas, but that the United States had clear evidence that Soviet weapons were flowing into El Salvador "in an unsatisfactory way" despite assurances from the Soviet foreign minister, Eduard A. Shevardnadze, that arms shipments to the rebels had stopped.

The United States protested to Moscow last month after a Nicaraguan truck carrying East European weaponry was intercepted on the Salvadoran border. Since then, two planes with Nicaraguan markings carrying missiles crashed in El Salvador.

"I don't believe that the Sandinistas have told the truth to our Soviet friends," Mr. Bush said. "Why? Because we know for a fact certain that arms have gone in there. I'm not saying they're Soviet arms. They say they are not shipping arms, and I'm accepting that."

Mr. Bush suggested that Mr. Shevardnadze had been misled by Nicaragua when he said the Sandinistas were not funneling arms to Salvadoran rebels.

Mr. Gorbachev said: "There was no accusation against us, and we didn't have to admit it or reject it. We told the president we have a firm declaration from Nicaragua that there were no supplies using the famous planes. The president didn't agree with this."

When the question first came up, minutes earlier, Mr. Gorbachev said he had reaffirmed that "we have ceased arms shipments to Central America."

Mr. Gorbachev said Moscow supported free elections in Nicaragua.

Bush's Comments

The Associated Press

VALLETTA, Malta — Excerpts of President George Bush's statement after the talks:

I first approached Chairman Gorbachev about an informal meeting of this kind after my trip to Europe last July. The amazing changes that I witnessed in Poland and in Hungary, hopeful changes, led me to believe that it was time to sit down with Chairman Gorbachev, face to face, to see what he and I could do to seize the opportunities before us to move this relationship forward. He agreed with that concept of a meeting, and so we got rapid agreement.

And I think that the developments in Europe since the time that the meeting was proposed only reinforced the importance of our getting together. So I'm especially glad we had this meeting, and we did gain a deeper understanding of each other's views. We set the stage for progress across a broad range of issues.

And while it is not for the United States and the Soviet Union to design the future for Europeans or for any other people, I am convinced that a cooperative U.S.-Soviet relationship can indeed make the future safer and brighter.

And there is virtually no problem in the world, and certainly no problem in Europe, that improvement in the U.S.-Soviet relationship will not help to ameliorate. A better U.S.-Soviet relationship is to be valued in and of itself, but it also should be an instrument of positive change for the world.

For 40 years the Western alliances stood together in the cause of freedom. And now, with reform under way in the Soviet Union, we stand at the threshold of a brand-new era of U.S.-Soviet relations.

And it is within our grasp to contribute, each in our own way, to overcoming the division of Europe, and ending the military confrontation there. We've got to do more to ameliorate the violence and suffering that afflict so many regions in the world and to remove common threats to our future.

The deterioration of the environment, the spread of nuclear and chemical weapons, ballistic missile technology, the narcotics trade, and our discussions here will give greater impetus to make real progress in these areas.

There's also a great potential to develop common opportunities.

For example, the Soviet Union now seeks greater engagement with the international market economy, a step that certainly I'm prepared to encourage in every way I can.

As I leave Malta for Brussels and a meeting with our NATO allies, I am optimistic that, as the West works patiently together and increasingly cooperates with the Soviet Union, we can realize a lasting peace and transform the East-West relationship to one of enduring cooperation. And that is a future that is worthy of our peoples, and that's the future that I want to help in creating, and that's the future that Chairman Gorbachev and I began right here in Malta.

Gorbachev's Comments

The Associated Press

VALLETTA, Malta — Excerpts of President Mikhail S. Gorbachev's statement after the talks:

I share the view voiced by President Bush that we are satisfied in general with the results of the meeting.

Our meeting was characterized by openness, by the full scope of the exchange of views. Today, it is even difficult and perhaps there is no sense to explain the entire range of issues that we have discussed.

I wish to say right away, nevertheless, that on all the major issues, we attempted in a frank manner, using each side's arguments, to explain our own positions, both with regard to the assessment of the situation and the current changes in the world, in Europe, and as regards disarmament issues. We addressed the Geneva negotiating process, the Vienna process, and also negotiations on the elaboration of a chemical weapons ban. All those questions were considered thoroughly.

The president and I also thought it necessary to exchange views on our perception, both from Moscow and Washington, of the 'hot' places on our planet. And this exchange of views was very significant and thorough. We reaffirmed our former positions that all those issues, acute issues, must be a resolved by political methods. And I consider that this was a very important statement of fact.

We not only discussed problems and explained our positions. I think that both sides had many elements which, if they are taken into account in our future activities, activities of both governments, then we can count on progress. This concerns the subject of the reduction of strategic offensive arms by 50 percent.

And we have an optimistic assessment of the possibility to move even next year to the conclusion of the Vienna treaty. We both are in favor — and this is our position. Naturally, we can be responsible only for our position. We are in favor of signing this document at the summit meeting.

This time we spoke much about bilateral relations. And I, on my part, would like to note many positive elements and points which were contained in statements and words by President Bush.

Thus, I would say that in all directions of the political dialogue of our discussion, including bilateral relations, we not only confirmed the consistency of our political course, the continuity of our political course — and I should say, although we had an informal meeting, we met only for the first time with President Bush in his capacity, and the confirmation of the continuity of the course is an important element.

Our world and our relations are at a crucial juncture. We must be highly responsible to face up to the challenges of today's world. And the leaders of our two countries cannot act as a fire brigade, although fire brigades are very useful. We have to keep it in mind also. This element was also present.

MALTA: *Stormy Weather*

(Continued from page 1)

covering superpower summit talks failed even to see the two spokesmen.

"I had a very big temptation to go into the press center to brief alone and get all of the publicity," Mr. Gerasimov said. He said that, after pressure from the Americans, "I refrained."

Perhaps the Soviet spokesman was angry that the Bush officials stuck on the ship prevailed on him not to brief, but then dispatched their deputies on land to give background briefings in the press room.

□

By all accounts, Mr. Gorbachev was also irritated by Mr. Bush's inability to get off his own ship to come to dinner on Saturday night.

Mr. Gorbachev and his wife, Raisa, sat in the Maxim Gorky's gray lounge bar, described by a member of the Soviet entourage as "Socialist Deco." Mrs. Gorbachev, who had decided to join the working dinner of diplomats, was elegantly dressed. The couple sipped coffee and waited for the U.S. president.

When they learned that Mr. Bush was not coming, Mr. Gorbachev said impatiently in Russian, "So what are we going to do now?"

Calming down, he said jokingly to two correspondents of The Guardian, the British daily, "I guess I could swim over if I had to."

Mrs. Gorbachev told the assembled U.S. and Soviet reporters of Mr. Bush's last-minute cancellation: *"Presidenta nyet."* Mr. Gorbachev tugged his wife's sleeve to indicate that it was time to go, dear.

But the Soviets were not finished having fun at Mr. Bush's expense.

Eduard A. Shevardnadze, the Soviet foreign minister, drolly suggested to the Guardian reporters that the Soviets organize a *desant*, or parachute attack. He said the Soviet delegation could "desant" onto the Belknap and invite themselves to dinner there.

□

Despite talk of energizing, both Mr. Bush and Secretary of State James A. Baker 3d emerged Sunday morning from their captivity at sea wearing small, green patches behind their ears. The patches release scopalamine, a medication designed to prevent seasickness by stabilizing the liquid in the inner ear that controls balance.

Reporters asked Mr. Bush if he was still speaking to his brother Bucky, who recommended Malta after a visit here recently for the country's celebration of 25 years of independence from British rule.

"Bucky Bush?" the president said. "You mean because of the weather? Yes. Yes. Because I think it worked. It didn't work to perfection because of the weather. But the meeting worked. So I'm still talking to him."

Soviets Achieve a Goal In Discussion of Trade

By Francis X. Clines
New York Times Service

VALLETTA, Malta — Soviet officials said Sunday that President Mikhail S. Gorbachev had achieved his main goal at the talks as President George Bush made a crucial turn away from economic cold war.

While much of the focus of the talks was on arms control and personal relations between the leaders, Mr. Gorbachev's most pressing need was to bring home some hope for long-suffering Soviet consumers. Mr. Bush accommodated him with proposals to move toward ending 15-year trade restrictions and to help the Soviet Union join the world trade community.

Even more helpful, in the Soviet view, Mr. Bush was explicit in inviting "a climate in which American businessmen can help in what Chairman Gorbachev is trying to do with reform."

Georgi A. Arbatov, director of the Institute for U.S. and Canadian Studies in Moscow, said, "George Bush has in essence declared that Washington has stopped economic warfare against the Soviet Union."

It was with a relieved air that Mr. Gorbachev underscored this change at the leaders' joint news conference, by praising this summit meeting for delivering a "political impetus which was lacking for our economic cooperation to gain momentum."

"These are of principal importance," the Soviet leader said.

Mr. Bush described the economic discussions as "an extraordinarily big plus" and "one of the most fruitful parts of our discussions."

Mr. Arbatov in particular hailed the U.S. president's proposal to help the Soviet Union move toward joining the world market by assuming observer status at the General Agreement on Tariffs and Trade, the international body that sets trade regulations.

"This will prove that the Soviet Union is becoming a full-fledged partner in world economic affairs," Mr. Arbatov declared. He said the Soviet Union hoped to move toward full membership in GATT, the International Monetary Fund and the World Bank.

Mr. Bush also touched on another critical Soviet need, that of most-favored-nation status in trade with the United States. A 1974 law withheld the preferential trade treatment, which includes lower tariffs, as long as emigration of Soviet Jews was blocked.

The U.S. president proposed immediate negotiations toward ending the restrictions as soon the Soviet Union codifies more liberal emigration policies that already have been taking effect.

Soviet officials concede that while Mr. Gorbachev has been receiving international acclaim for his diplomatic initiatives, his celebrity had yet to translate into something tangible for skimpily stocked retail stores.

One American official said that Mr. Bush was making a path toward their relationship by raising such unsensational topics as the U.S. ban on credit guarantees for American investors interested in the Soviet Union.

Mr. Bush proposed that such guarantees be investigated as one of a number of proposals that may be as valuable to Mr. Gorbachev for their signaling a new economic relationship as for their substance.

President Bush's proposals did not neglect the enormous economic problems facing the Soviet Union, and he urged the nation to begin moving toward the tranmatic step of creating a free market for wholesale goods.

The leading Soviet economists have been wrestling with such problems with little result. While Mr. Bush's proposals were of no tangible help, the Soviets welcomed the fact that this meeting addressed their economic crisis at all.

"Finally the Americans have come here with something," Mr. Arbatov said.

CHEMISTRY: *Ending Tensions*

(Continued from page 1)

he had been "not particularly positive" about the idea.

Both the setting and the content of their remarks emphasized the break with the often emotional, always theatrical Reagan-Gorbahev summit meetings in Geneva, Reykjavik, Washington and Moscow. The informality that Mr. Bush and Mr. Gorbachev said they prized in the two-day meeting extended to a news conference marked by the frantic competition of about 200 journalists shouting questions.

For Mr. Bush, the businesslike tone of the meeting served to put his own stamp on U.S.-Soviet relations and to move him further out of the shadow of his predecessor, who swung in 1986 from strongly anti-Soviet rhetoric to a warm personal relationship with Mr. Gorbachev.

Mr. Bush's agreeing to sit beside Mr. Gorbachev at a joint news conference will be seen in the Soviet Union as an important symbol of parity and of U.S. willingness to work with Soviet leadership on an equal basis.

Both men appeared relaxed and confident. When asked for their views on Lebanon, Mr. Bush stage-whispered, "Want to go first?"

And the Soviet leader later teased Mr. Bush about his reputation for "cautiousness," a reference Mr. Bush repeated approvingly afterward.

Mr. Bush's caution in renewing the high-level negotiations started by Mr. Reagan was for most of this year the target of Soviet criticism rather than humor.

But Mr. Gorbachev's warm praise on Sunday for Mr. Bush's idea of holding the informal meeting in Malta appeared calculated to show that personal antagonisms of the past had been buried during the weekend.

Mr. Bush is known to have come to office with both suspicion of and disdain for Mr. Gorbachev's successes in public opinion and the press. He may have also harbored some resentment born of past encounters, when Mr. Bush was vice president.

Mr. Bush referred to one of those incidents to U.S. reporters, recalling that "I remember a time when I first met Mr. Gorbachev and we talked about human rights, and he became visibly agitated with me for raising it."

Although he did not mention it, Mr. Bush was offended by Mr. Gorbachev's having kept him waiting at the Soviet Embassy during the 1987 Washington summit meeting, when Mr. Bush was to escort him to the White House for a meeting with Mr. Reagan.

Mr. Gorbachev appeared an hour late and with no explanation or apology; Mr. Bush contained his anger but expressed it later in private, according to one official.

On Sunday, Mr. Bush accentuated the positive at every turn in dealing with the Soviet delegation. As the news conference ended, he walked over to Georgi A. Arbatov, director of the Institute for U.S. and Canadian Studies in Moscow, and said, "There is an old friend." The two shook hands.

SUMMIT: *Bush and Gorbachev Declare Start of a New Era in Relations*

(Continued from page 1)

Sandinistas have told the truth to our Soviet friends."

Mr. Bush and Mr. Gorbachev talked to reporters aboard the Maxim Gorky, a Soviet cruise liner, before Mr. Gorbachev returned to Moscow to brief Warsaw Pact leaders on the Malta meetings. Mr. Bush, who flew to Brussels, had a private dinner Sunday with Chancellor Helmut Kohl of West Germany. He was due to brief the Western allies on Monday.

The Maxim Gorky became the sole venue for the meetings after a screeching gale whipped the seas so high that it was impossible to meet as planned on the Soviet and American warships that heaved forlornly on the waves in Marsaxlokk Bay.

Mr. Bush, whose staff resolutely tried to put the best face on the shambles of their television image strategy, said "it doesn't matter" that the two leaders had not managed set foot together on an American ship. Asked if the weather had ruined his summit talks, Mr. Bush snapped back, "Hell no."

On Saturday, Mr. Bush outlined nearly 20 proposals to Mr. Gorbachev that ranged from nuclear arms control to educational exchanges. A senior U.S. official who sat in on the talks said that Mr. Gorbachev had responded positively to almost all of them.

The notable exceptions, he said, were Mr. Bush's proposal that the two nations negotiate and sign an agreement in 1990 limiting their chemical arsenals to 20 percent of the current U.S. level and that they call jointly for the holding of the 2004 Olympic Games on both sides of Berlin. He added that Mr. Gorbachev did not give Mr. Bush a clear "no" on those points, but rather did not register the approval that he offered on the other issues.

At the news conference, Mr. Gorbachev said he had agreed with a suggestion by Mr. Bush that the U.S. secretary of state, James A. Baker 3d, and the Soviet foreign minister, Eduard A. Shevardnadze, meet in the Soviet Union in January to discuss arms control issues in preparation for a summit conference in the United States that the two leaders agreed to hold in the last two weeks of June.

He reaffirmed Mr. Bush's hope that the two leaders could sign a strategic arms control treaty, cutting long-range nuclear arsenals in half, at the June meeting. Barring that, he said, he hoped that the two ministers would be able to resolve enough outstanding problems to be able in June to "agree on the provisions of the treaty, and later in the coming months it might be ready for signature."

Mr. Gorbachev said he also hoped that a multinational treaty limiting conventional weapons in Europe could be signed in 1990 in Vienna. Mr. Bush said that he and Mr. Gorbachev had discussed in general what further cuts might be taken in conventional arms, but did not talk about specific numbers.

On chemical weapons, Mr. Gorbachev merely referred to Mr. Bush's ideas as "interesting."

Mr. Gorbachev said he was particularly concerned about remaining differences on air-launched cruise missiles and added that he had not dropped his insistence on opening negotiations on sea-based nuclear cruise missiles. Noting the progress that has been made on a number of other areas, Mr. Gorbachev said, "The time has come when we should begin discussing naval forces."

Mr. Gorbachev did not make it clear whether he was still setting forth a side agreement on naval weapons as a condition for concluding a strategic arms treaty. But Mr. Bush did signal that he had not eased his opposition to negotiating about such weapons.

"The chairman knows that I could not come here to make deals in arms control," said Mr. Bush, who has repeatedly pledged to consult his allies before making major new treaty proposals.

Mr. Bush said he was "disinclined to think" that sea-launched cruise missiles were "an area where we will have immediate progress." He added, "We have no agreement at all on that part of naval arms control."

THE MALTA SUMMIT: As East Germans join in a human chain, the 'German question' is raised at the summit.

Warsaw Pact: Empty Shell?

U.S. Analysts Say Bloc Shake-Ups Hurt Military Potential

By R. Jeffrey Smith and Patrick E. Tyler
Washington Post Service

WASHINGTON — The Warsaw Pact is becoming unhinged by the political changes sweeping through the Soviet bloc, according to U.S. intelligence analysts and diplomats.

Although the Soviet-led military alliance retains its advantage over the West in the number of troops and tanks deployed in Europe, numerous U.S. military analysts said the recent replacement of five key governments because of popular pressures had called into question some fundamental assumptions about the pact's potential.

Arnold Horelick, a Rand Corp. specialist on the Soviet Union who was among those to brief President George Bush before his departure for Malta, said he regarded the pact as "an empty shell — something that has ceased to be a useful adjunct to their offensive strategy."

Western military planners say they now confront the conundrum of a military infrastructure set amid the confusion of the East bloc political order, which suggests the pact forces could face substantial obstacles either in initiating or responding to an attack.

"If NATO ever entertained the notion of attacking the Soviet Union and Eastern Europe, now is the time to do it," a senior Eastern European diplomat said, jokingly, when asked about the Warsaw Pact's state of preparedness.

"It is now simply impossible to start an offensive against the West, if such an action was ever possible in the first place," he added.

With Communist domination of Czechoslovakia, Poland, Hungary and East Germany now shaken, the Soviet Union obviously feels freshly susceptible to military pressure on its western flank.

A high-level, secret government study prepared for Secretary of Defense Dick Cheney last summer, before the latest European political developments, describes some of the Warsaw Pact's military deficiencies.

The study, expressing a consensus of the Joint Chiefs of Staff, the Central Intelligence Agency and the Defense Intelligence Agency, suggests the pact is facing difficulties in several areas:

● Increasingly "hollow" armies: As the Soviet Union and its allies have introduced more modern weapons and tactics during the past decade, the wartime combat power of a "typical Soviet maneuver division" has increased by 25 percent. But the pact has never added the additional active duty personnel required by these changes, estimated at roughly 50 percent of existing levels.

The result is apparently a net drop in the immediate military effectiveness of the divisions without costly mobilization and training of additional personnel.

The shortfall is particularly evident in the Soviet Union, where as of late last year, half of all ground forces were manned at 5 to 25 percent of their authorized wartime level, the study said. One-quarter of the ground forces were manned at 25 to 50 percent of this level, and the remaining forces were at 50 to 75 percent, it said.

The picture was somewhat better for the pact forces in Eastern Europe.

U.S. analysts said this situation had worsened since Mikhail S. Gorbachev, the Soviet leader, began putting into effect a unilateral reduction of 50,000 Soviet troops and 5,000 tanks in Europe last spring. His announcement cleared the way for other pact members, including East Germany, Czechoslovakia, Poland, and Hungary, to announce unilateral cuts totaling more than 50,000 active and reserve personnel.

● Mobilization difficulties: One consequence of widespread shortfalls in military personnel is that the Soviet Union would have to call up about 170,000 troops to bring its forces to the strength it deems necessary to fight, virtually all of which would have be transported from the Soviet Union to the Western front.

Under longstanding pact plans, Poland, Czechoslovakia and East Germany "would have to conduct national mobilizations totaling close to 800,000 personnel, roughly doubling the peacetime manpower of their forces" to prepare for war, the study said.

Vancel Hazi, Hungarian ambassador to the United States and a former deputy foreign minister, said his government has "in a very polite manner" asked the Soviet Union to remove all of its troops from the country, a development that would further complicate any European mobilization. In Czechoslovakia, the interim prime minister, Ladislav Adamec, and Civic Forum, the major opposition group, have made similar requests.

● Economic shortfalls: The U.S. study noted that "the Soviets believe that it would take years to repair the economic damage a full mobilization would do to their country, much less to their Warsaw Pact allies, even if war could be avoided."

It added that "any attempt to execute several cycles of mobilization and demobilization would destroy the very economy that would have to support the war effort before war commenced."

In Eastern Europe, it adds, any mobilization would necessarily require the diversion of "sizable amounts of transport and support equipment from the civilian economy."

"Looking at our budgetary situation, I can tell you we will not accept any kind of military situation that would burden us more," Mr. Hazi said.

Rainer Kiesenhauer/The Associated Press

An East Berlin woman anchoring a candle Sunday as part of a human chain of protesters across East Germany demanding change.

2 Million Protesters Link Hands Across East Germany

Agence France-Presse

BERLIN — Two million protesters calling for greater democracy formed a 1,300-kilometer-long human chain across East Germany on Sunday.

Two halves of the giant demonstration, organized by the East German Protestant Church, joined in the center of East Berlin at noon. People of all ages, including many children, held lighted candles and sang hymns for peace.

Banners carried by the protesters read: "Stalinists and Cold War Supporters Like Egon Krenz Must Never Return to Power."

The official press agency ADN earlier said around 15,000 people had demonstrated in Plauen late Saturday to protest delays in the process of democratization.

German Upheaval Reviewed

Gorbachev's Role Cited by Officials

By Craig R. Whitney
New York Times Service

BERLIN — East German Communist Party officials say the Soviet president, Mikhail S. Gorbachev, was in daily telephone contact with the general commanding the 400,000 Soviet troops in East Germany during the demonstrations in October that caused the downfall of the hard-line regime of Erich Honecker.

Central to this version of events is the assertion that Soviet troops had orders to stay in their barracks as hundreds of thousands of East Germans took to the streets in Leipzig and East Berlin around the time of Mr. Gorbachev's visit for the Oct. 7 celebrations of the nation's 40th anniversary.

Earlier, these same officials had said that Egon Krenz, who succeeded Mr. Honecker as Communist Party leader, flew to Leipzig on Oct. 9 and directly countermanded a written order from Mr. Honecker to use live ammunition and armored units against hundreds of thousands of demonstrators there.

Revising this version, they said Mr. Krenz was in Berlin that day, but gave telephone approval to a district party official in Leipzig who wanted authorization to let the demonstration go on undisturbed.

"Krenz was called by the second secretary of the Leipzig district organization from the home of Kurt Mazur," one official said, referring to the director of the Leipziger Gewandhaus orchestra, who was widely credited with playing a key role in averting violence that day.

"There was no written order by Honecker," the official said, "but he had authorized local commanders to respond in case of 'provocation,' which came to the same thing."

There was no violence in Leipzig, though there had been in East Berlin after Mr. Gorbachev departed. But with a new demonstration planned in Leipzig on Oct. 16, a party official said, Mr. Krenz, then responsible for internal security, did go to Leipzig on Oct. 10.

The Politburo met in East Berlin later that day, and Mr. Krenz returned and presented Mr. Honecker with a written statement banning use of force against political demonstrations. Mr. Honecker, his authority slipping away, protested but signed, the official said.

Tokyo Sheds Some Wariness of Moscow

By Steven R. Weisman
New York Times Service

TOKYO — Japan is modifying its customary skepticism toward the Soviet Union and stepping up attempts to resolve a territorial dispute that has long blocked improvements in its relations with Moscow, Japanese officials say.

The dispute centers on the Soviet occupation of several tiny islands north of the Japanese archipelago, seized after Japan announced its surrender in 1945. The Soviets call them the Kurils and the Japanese the Northern Territories. Japan's demand for their return has blocked the signing of a Soviet-Japanese treaty ending hostilities in World War II.

Until recently, before agreeing even to discuss possible cultural exchanges, economic assistance or investments, Japan had insisted on signing a peace treaty that included return of the islands.

But now, Japanese officials say, Prime Minister Toshiki Kaifu has agreed to discuss economic cooperation as long as a simultaneous attempt is made to resolve the island dispute before Mikhail S. Gorbachev's planned visit to Japan in 1991.

"At last, talks have begun on all aspects of our relationship," a senior Japanese official said in an interview, acknowledging that Tokyo had compromised a bit. "The Soviets realize that the territorial issue cannot be shelved. And there is a common awareness that a peace treaty is inevitable."

The continuing bitterness over the islands has meant that Japan has remained a stronghold of skepticism toward Mr. Gorbachev and Soviet military activities in the Far East and the Pacific.

For example, less than a year after Mr. Gorbachev announced that 200,000 troops would be withdrawn from the Far East, Japanese military experts say they do not know which divisions and how much equipment is involved and where the men are to be restationed.

"The Soviet proposals to withdraw from Mongolia and the Chinese border are good in a way," said Masashi Nishihara, a professor of international relations at the Japan Naval Defense Academy. "But the purpose seems to be to slim down the forces, maybe to strengthen their position."

Similarly, American and Japanese specialists say that although many Soviet warships have been retired for budget reasons, the upgrading of ships and weaponry has made the Soviet Navy more lethal.

Many independent experts share this view.

Jane's Defense Weekly reported in July, for instance, that the Soviet Pacific Fleet was "more capable than at any time since 1945," because of its increase in firepower, sophisticated attack aircraft and ballistic missiles.

But Japanese officials say the recent dramatic events in Eastern Europe have finally led to a different climate in Japan. Mr. Kaifu has recently strongly endorsed Mr. Gorbachev's diplomatic initiatives and has wished Moscow well in its efforts to overhaul its economy.

Japanese officials said they attached "great importance" to the recent visit of Alexander N. Yakovlev, a confidant of Mr. Gorbachev's and a Politburo member.

In his meetings with Mr. Kaifu and others, Mr. Yakovlev was said to have made no secret of his country's interest in tapping Japan's enormous economic resources for Siberian development and for technological assistance.

But Japanese officials said he seemed impressed when he heard even from executives ready to participate in such projects that the territorial dispute would have to be resolved first, in Japan's favor.

Similarly, Japan makes no secret of its willingness to use its economic leverage. "If the Russians want to carry out industrialization, and if they want cooperation to reduce tensions in Asia and the Pacific, they cannot leave Japan aside," a Japanese official said.

Despite the new attempt to improve relations, Mr. Yakovlev gave no indication during his visit that the Soviet Union might compromise on retaining the territories. He did emphasize, however, that some sort of compromise would be necessary.

In the past, Moscow has offered limited concessions on the islands — actually three islands and a group of islets — including a proposal to return two of the smaller ones and permit limited Japanese access to the others to visit the graves of family members.

Moreover, after Mr. Yakovlev's visit, the Soviet foreign minister, Eduard A. Shevardnadze, was quoted in Japanese news articles from Moscow as saying that some form of international cooperation was an "interesting idea." His comment cheered Japanese officials, who nonetheless insist that everything must be returned to Tokyo.

Some Japanese say they think Tokyo itself might compromise. "Sooner or later, Japan will make some concessions and the Soviet Union will make concessions," said Masamichi Inoki, the chairman of the Research Institute for Peace and Security.

"Japan is not going to be satisfied with only two small islands," Mr. Inoki added. "But maybe the Soviet Union can return the islands on the condition that they be demilitarized. I think that Japan should then make some major capital investment in the Soviet Union. You know, just as the United States purchased Alaska, Japan should buy these islands."

Soviet officials have all but acknowledged that they have paid too little attention to Japan. Indeed, theories abound as to why Moscow has taken so long to grasp the potential dividends of, say, making a concession on the scale of the U.S. return of Okinawa to Japan in the mid-1970s.

Some military specialists say the islands protect the Sea of Okhotsk as a sanctuary for nuclear-powered submarines carrying ballistic missiles.

Others say Moscow avoids returning the territory for fear of angering its military hierarchy.

Bush Proposes Berlin as Site For Olympics

The Associated Press

VALLETTA, Malta — President George Bush has urged the Soviet president, Mikhail S. Gorbachev, to join the United States in proposing that the 2004 Summer Olympics be held in Berlin, a U.S. official said.

The official said the proposal was among the subjects raised by Mr. Bush on the first day of his summit talks with Mr. Gorbachev.

The idea of bidding for the 2004 games surged in Germany after East Berlin opened the wall last month, allowing millions of East Germans to visit West Berlin freely.

East Germany Arrests Ex-Politburo Members

The Associated Press

BERLIN — Three former East German Politburo members, including the senior economic adviser to the deposed government, have been arrested on suspicion of corruption, the East German press agency ADN reported Sunday.

Günter Mittag, the former adviser, and Harry Tisch were arrested on suspicion of "heavily damaging socialist property and the people's economy through abuse of power," ADN said. Gerhard Müller, a former party leader in the city of Erfurt and former candidate member of the Politburo, was also arrested.

Mr. Mittag was the senior economic adviser to Erich Honecker, the East German leader who stepped down in October. The Communist Party has blamed the two for East Germany's economic crisis, and Mr. Mittag was purged from the party in November.

Mr. Tisch was the chief of the party-run trade union federation until the organization expelled him on Nov. 27. He was also removed from the Politburo in November after having been accused of abusing power.

Two others were arrested on Saturday. Hans Albrecht, the former party chief in the Suhl district, and Walter Wolf, director of a large home construction company in Suhl, were arrested on suspicion of "fraudulently damaging socialist property," ADN said.

Mr. Krenz was jeered in a speech on Saturday outside the Central Committee building, in which he tried to distance himself further from the old party leadership, of which he was a prominent member.

BERLIN: *Politburo Quits*

(Continued from page 1)

of the parliament, Horst Sindermann, and the former chief of the Communist trade union federation, Harry Tisch.

Mr. Schabowski read the crowd a statement from the dissolved Politburo saying it accepted "the criticism of a great part of the membership that the current leadership of the party was not able to expose the full extent and the gravity of the failures of members of the former Politburo and draw the necessary consequences from them."

"This conclusion must be drawn," the statement said, "although members of the present Politburo who were in the former leadership made essential efforts to carry through the political and personnel decisions that led to the process of renewal."

The Politburo resigned, the statement said, "to preserve the very existence of the party from further peril."

The party meeting also created an investigating commission under another widely known lawyer, Gregor Gysi, to look into violations of party discipline by those accused of crimes, and perhaps others yet to come.

Mr. Gysi emerged from the building after dark to tell a few hundred remaining demonstrators the names of the 25 or so people on the temporary working group that will guide what is left of the party organization until the end of next week.

"No one who was in the previous leadership can belong to this committee, and I think that is the right thing," he said, to loud applause.

Mr. Modrow, the prime minister, had been asked to join it but said he had to devote himself to his government duties for the time being, Mr. Gysi said.

Mr. Modrow, interviewed on East German television, said he had been stunned by the day's events. "The shock affects me even much, much more, as I am in a position of responsibility," he said.

Americans See Soviets In a Favorable Light

By Robin Toner
New York Times Service

NEW YORK — American attitudes toward the Soviet Union are now as favorable as they were at the end of World War II, when the countries were allies and Churchill had not yet declared the descent of an Iron Curtain, a New York Times/CBS News Poll has found.

Of those polled, 36 percent agreed that the Soviet Union was basically a peace-loving nation, willing to fight only in self-defense. Not many more, 42 percent, believed the Soviet Union would start a war to get what it wanted.

When Americans were asked that question in June 1945, in a Roper Poll for Fortune magazine, they were also about evenly split.

The new poll indicates a drastic shift from the Cold War attitudes that have dominated the intervening four decades.

When the question was asked in June 1947, after two years of growing tension and after the enunciation of the Truman Doctrine of resisting Communist expansion, two out of three Americans saw the Soviet Union as aggressive.

Warming attitudes emerged throughout the telephone survey of 1,297 adults conducted Nov. 26 to 28, as Americans looked toward the weekend summit meeting between Presidents George Bush and Mikhail S. Gorbachev.

Thirty percent say they look favorably on the Soviet Union, while 54 percent express neutrality. Thirteen percent say their feelings toward the Soviet Union are generally unfavorable, compared with 41 percent who said they felt that way two years ago, in September 1987.

American attitudes toward the Soviet Union have improved throughout the five years of Mr. Gorbachev's leadership, but the new poll shows the sharpest improvement in the last six months. This has come amid moves toward greater freedom in Eastern Europe, including elections in Poland and the opening of the Berlin Wall.

In May, 50 percent of Americans agreed that the Soviet Union was trying to dominate the world; 43 percent said it was not. In the new poll, 34 percent said the Soviet Union was seeking world dominance, while 58 percent said it was not. This poll has a margin of sampling error of plus or minus 3 percentage points.

The poll indicates that more Americans are now willing to trust the Soviets to live up to their commitments. Forty-one percent said the Soviets would abide by new arms-control agreements; 46 percent said they would cheat.

Two years ago, 27 percent agreed that the Soviets could be expected to abide by those agreements; 61 percent predicted cheating.

This new world view has made Americans far less anxious about the prospect of nuclear war, the poll shows. Twenty-two percent agree that nuclear war is likely in the next 10 years; in a 1981 Gallup Poll, 47 percent saw a nuclear war as likely in the decade.

Those polled were fairly evenly split on whether Mr. Gorbachev could be trusted in his initiatives to other countries: 36 percent said they trusted the Soviet leader; 42 percent said they did not.

Moreover, while Cold War attitudes may be breaking, 54 percent said the Cold War was not over yet; 37 percent said it was.

Still, the shift in attitudes was striking, particularly since the survey in May. "People for a long time have wanted peaceful, friendly relations with the Soviet Union," said Benjamin I. Page, a political science professor at Northwestern University in Illinois who is preparing a study of American public opinion in the last half-century.

"But there was an underlying skepticism about whether that was possible," he said. "It really is the skepticism that's abating now."

CZECHS: *A New Cabinet*

(Continued from page 1)

1968 Soviet-led Warsaw Pact invasion of this country, resign by next Sunday. Mr. Husak said Sunday that he planned to stay in office until his term expires in May.

"If the power does not understand," Mr. Miller said, "we will appeal for another general strike to be held on the 11th of December."

Last Monday, Civic Forum organized a two-hour general strike in which millions of Czechoslovaks walked out of factories and stores in support of calls for an end to Communist dominance in the government and for free elections. Two days after the strike, the legislature here ended the Communist Party's guaranteed leading role.

In still another demand by Civic Forum, another spokesman for the group, Petr Pithart, said the sitting ministers of foreign affairs and energy, both of them Communists, must resign immediately. He also said Civic Forum would not be satisfied until non-Communists constitute more than half of the cabinet.

Mr. Adamec, who left Prague late Sunday to attend a Warsaw Pact summit in Moscow, had no chance to respond to the new ultimatums. But earlier in the day, he appeared to open the door to further changes in the cabinet.

"In case of need, the government can be further upgraded," Mr. Adamec said on state television. "We want to get rid more decisively of the old ways of thinking. We are ready to resort to even the most radical changes."

As part off what it said would be a "cooling down" process, Civic Forum last week called off further street protests and strikes. But it then reserved the right to resume them if the government failed to meet it demands.

The new minister of defense, General Miroslav Vacek, 54, who was previously a deputy minister of defense and army chief of staff, is a party member. The minister of interior, Frantisek Pinc, 45, a former power plant manager, is also a party member.

Bohumil Urban, who announced the new cabinet at a news conference on Sunday, was asked why Mr. Adamec had not complied with the demands of Civic Forum.

"This is what life is like most of the time," Mr. Urban replied. "You can't take into account everybody's demands immediately."

Bush and Gorbachev on Germany

The Associated Press

VALLETTA, Malta — Following are excerpts from replies by Presidents George Bush and Mikhail S. Gorbachev on Sunday to questions from journalists about the changes in East Germany:

GORBACHEV (speaking to Bush): Do you want to begin on the German question?

BUSH: I'd be glad. Somebody had better tell me what the question was then, if I'm going to answer. Was it the question of Germany? The United States, part of NATO, has had a longstanding position. Helsinki spells out permanent borders. I made clear to President Gorbachev that we, for our part, do not want to do anything that is unrealistic and causes any country to end up going backwards, or end up having its own people in military conflict, one with the other.

And so, I think we have tried to act with the word that President Gorbachev has used, and that is "with caution," not to go demonstrating on top of the Berlin Wall to show how happy we are about the change. We are happy about the change. I've heard many leaders speak about the German question, and I don't think it is the role of the United States to dictate the rapidity of change in any country. It's a matter for the people to determine themselves. So that's our position, and the last word goes to the chairman on this one.

GORBACHEV: Yes, on that as he ended, the president wrote in English, and I don't read English. I answered him in Russian, and he doesn't read Russian. But, we agreed.

BUSH: No matter what it said...

GORBACHEV: I have several times expressed my views on this point, and because we discussed it with the president, we considered all these questions on the condition of the Helsinki process. We realize that the real situation in Europe, the current situation in Europe, is that in modern Europe there are two German states, Federal Republic of Germany and German Democratic Republic.

Well, there are two German states in Europe today, the Federal Republic and the German Democratic Republic. They are members of the United Nations, sovereign states. This is the bidding of history; this is what history has willed. I always have recourse to this argument. So as to remain realistic, we must understand that history does dictate the fate and the processes on the Continent, and also determines the role and place of these two states.

And we think that there is an understanding today in the minds of all. And any artificial attempt to do anything to that process — well, we mustn't do anything to belittle the great significance of the great changes which are happening in this continent. It's a central part of contemporary history. We don't want to do anything to accelerate these changes artificially for the peoples of these two great German states.

MANILA: *Rebels Fight to Hold City Financial Sector*

(Continued from page 1)

killed and more than 500 wounded since Friday, according to hospital and Red Cross figures.

More than 10,000 people in Manila fled their homes to escape the fighting and were housed in schools, churches and other refugee centers. Many shops were closed.

Schools were closed indefinitely, but government employees were ordered to report for work Monday. Officials planned to reopen the international airport at noon Monday.

The rebels, believed to be led by Gregorio Honasan, a former colonel who escaped from prison in April 1988 after leading an abortive coup attempt the year before, offered to stop fighting if Mrs. Aquino and her cabinet resigned.

"We may lose this battle," said a statement read over a radio station and said to be from rebel leaders, "but if the present government does not change, our struggle will never stop."

A separate statement, believed to be from Mr. Honasan and delivered to news organizations, charged that the assignment of U.S. F-4 jets on Friday to provide air cover to Mrs. Aquino's ground troops had blocked the victory of his "nationalist reformist government."

He called on the people for help to win "a genuine Filipino government and for the reinstatement of our lost sovereignty, dignity and honor unduly surrendered by our treacherous Filipino brothers."

President George Bush said Sunday he saw no need for further U.S. military action in the Philippines.

"At present, I do not foresee the need for U.S. military action in addition to the measures described," he said in a letter to Congress about the decision to provide U. S. air cover.

Mr. Bush added: "I am prepared, however, to take additional actions to protect the lives of Americans, should they be threatened, and, if requested, to provide further assistance to the Government of the Philippines."

The letter, sent to Congress on Saturday, was released by the White House on Sunday in Malta, where Mr. Bush was meeting Mikhail S. Gorbachev, the Soviet leader.

A spokesman said U.S. warplanes were not flying over Manila on Sunday. An official said U.S. planes ended their patrols at 6 A.M. Saturday.

Before dawn Sunday, the rebels pounded Camp Aguinaldo, about five miles (8 kilometers) east of Mrs. Aquino's office, with 105mm howitzers and heavy machine-gun rounds.

Rebels blasted through the gates of the sprawling camp with an armored vehicle, which was struck by ground fire. After a four-hour battle, sometimes hand-to-hand, the rebels sought a cease-fire. Their commander, Major Cesar de la Pena, surrendered with about 200 men a few hours later.

Later Sunday, Brigadier General Marcelo Blando, another rebel and commander of Fort Magsaysay, surrendered in the city's Greenhills District with about 400 army soldiers and elite Scout Rangers, military officials said.

Hundreds of other rebels, however, held out in Makati, where they seized 11 buildings Saturday, including the Intercontinental Hotel.

Government troops blocked off avenues leading to Makati. Rebels fired volleys of machine-gun fire from Makati skyscrapers, and snipers shot at vehicles on Epifanio de los Santos Avenue.

Loyal troops responded with recoilless rifles and heavy machine guns, causing widespread damage in the area.

Libyan Protest Marches Attack Malta Summit

United Press International

LONDON — Marches were held in seven Libyan cities on Saturday to protest the U.S.-Soviet summit meeting off Malta, 200 miles (325 kilometers) from Libya, with the protesters calling the meeting "muscle-flexing and a provocation," the official Libyan press agency Jana said.

The agency said the marchers called for the removal of all foreign fleets and "weapons of mass destruction" from the Mediterranean.

Herald Tribune INTERNATIONAL
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A Good Summit

The bad weather at Malta did not keep the two leaders from giving a useful impetus to the broad agenda they were already working on. If this amounts to something less than fulfillment of breathless pre-summit prophecies, then it is a good and necessary outcome. American ideals of freedom and Soviet proposals of reform may have, in their respective ways, triggered the changes now unfolding so dramatically, especially in Europe. But so rapidly have events taken on their own momentum that the first requirement for both superpowers now is simply to keep up. This is what both George Bush and Mikhail Gorbachev were striving to do in Malta.

Determined to slow the Gorbachev propaganda juggernaut, Mr. Bush found a relatively media-free setting for this summit, insisted on a no-negotiating format and tried to minimize expectations of grand results. In the event, he dropped a dozen of his own "initiatives" — modest but helpful contributions to the negotiations — on a Soviet partner who seemed uncharacteristically subdued. Mr. Gorbachev's modest manner was the surprise of a summit that Mr. Bush had insisted would see no surprises. It suggested acute awareness of his difficulties back home.

Malta confirmed that while 1989 was Mr. Bush's year of getting ready, 1990 is to be the year of nailing things down. The pace of negotiations on strategic and conventional arms is to be accelerated — a development that will force hard choices on a possible next slice of redeployments and cuts. The mutual quest for a new political order to replace the fading military confrontation in Europe is to deepen; here the welcome emerging reality is the view of Germany as a country that both superpowers wish simultaneously to cultivate and to contain. In a weekend of light and promise, the single dark shadow that Malta left cast across the Soviet-American path was the Kremlin's hesitation to deal decisively with irresponsible clients in Central America.

From the Soviet viewpoint, Mr. Bush's most important "initiative" had to have been that he is starting to play the American economic card. Rather later than the European allies, the president is now ready to open a broad negotiation on the terms of Moscow's engagement in the international economy. For Mikhail Gorbachev, this is the payoff that will let him show critics and consumers that his struggling policy of perestroika, source of his foreign policy of so far selective imperial retrenchment, is worth the candle. This is where Mr. Bush's newly voiced good wishes for perestroika can help most to keep Mr. Gorbachev in the game.

— THE WASHINGTON POST.

To the Aid of Manila

President Bush made a timely and sensible call when he sent American warplanes on "combat air patrol" in the Philippines on Friday. The mission served as a deterrent, helping President Corazon Aquino's democratic government fight off a dangerous military rebellion while conforming to principled American policy.

Even limited intervention by U.S. forces in another country's quarrels is a serious matter, as recent controversies over America's role in Panama and El Salvador make plain. Sustained military involvement abroad is unthinkable without broad political support. But the president, as commander in chief, has power to act in emergencies. Still, it is not a power to use lightly.

In appraising a president's decision to act, the public is entitled to weigh several factors. One is whether there are important political principles at stake. Another is how much risk there may be that American forces will be sucked in more deeply. Another is the likelihood of success under carefully defined rules of engagement.

Mr. Bush's decision passes all these tests.

The principle in the Philippines is democratic civilian control over the military, a principle that the United States works to reinforce in former military dictatorships from South Korea to Brazil.

The Philippines was an appropriate place to make a stand. Washington helped the Aquino government establish its power after Ferdinand Marcos tried to steal Mrs. Aquino's election victory four years ago. Washington has since helped Manila win debt relief and international aid.

The episode raises a fair question of precedent about other overseas bases. The American planes came from Clark Air Base, one of two huge U.S. installations in the Philippines. Other countries that accept American bases would be rightfully troubled if they thought America felt that the presence of its forces licensed it to meddle in domestic politics. But in this case, a legitimate host government faced an illegitimate challenge. For America to answer Mrs. Aquino's plea for help should reassure, not concern, other host countries.

Mrs. Aquino has now endured six attempted coups, most of them traceable to officers who were involved in the overthrow of Ferdinand Marcos, and who still resist civilian control. A continuing war against Communist guerrillas requires keeping a large army; a large army casts a longer shadow on civilian authorities.

Although the Aquino government's prestige has waned, civilians still seem to be pro-democracy. The government is unquestionably legitimate and democratic, and far better than any imaginable alternative.

There can be no general rules for use of U.S. military forces in emergencies. Each case is special. In the case of this past weekend's mission in Manila, Mr. Bush deserves high marks.

— THE NEW YORK TIMES.

A Palestinian Option

A political earthquake sends East Europeans surging into the streets to shake off oppression. The impulse is like the one, two years ago this week, that sent Palestinians into the streets to protest Israeli occupation. The intifada, they call it — the "shaking off."

Eastern Europe has already started shaking off Communist governments. Why has the Palestinian uprising merely settled into a sullen impasse? There are several reasons; one big one is that Czechoslovaks, East Germans, Hungarians and Poles have established realizable objectives, while the Palestinians have not. Unless they do, they risk seeing their earthquake pointlessly subside.

The intifada has changed markedly since December 1987 when an Israeli businessman was stabbed to death in the Gaza Strip, four Arabs were killed by a passing Israeli truck and rioters took to the streets with gasoline bombs and stones. As the days of protest went on, the world watched with fascination and even some respect. The Palestinians were accomplishing something momentous: They were standing up for themselves.

The turmoil continues; some 720 Arabs and 44 Jews have died. But it has changed. To the visitor driving into Bethlehem, the first sign of the intifada is stillness. At a big intersection, steel shutters cover the windows of the Bethlehem Cigarette and Tobacco Company. It, like all the Arab businesses, closes for hours as part of the boycott against commerce with Israel.

Israel's economy and institutions pay a heavy price. But the Palestinians probably pay a higher one, with their boycotts, tax revolts and savage vengeance against suspected informers. Palestinians must be asking themselves what to do next.

One option is to continue the intifada, more or less as is, into a third year. There is much to be said against this course. The self-denial and turmoil no longer accomplish much now that the world's eye has strayed.

There is even more to be said against option two, intensifying the violence. The intifada's weapon is the stone, not the bullet; the location is inside the territories, not inside Israel. What if the Palestinians started shooting? In his book "From Beirut to Jerusalem," Thomas Friedman quotes Prime Minister Yitzhak Shamir's answer: "There will not be even a memory of them left."

Precisely because these options are so unattractive, a third option may become thinkable. The Palestinians who won world attention in 1987 with protest could now win world support for a practical program. They might capitalize on the intifada now by ending it and pressing for self-government through diplomatic means. At the least, that might mean responding constructively to the U.S. proposal for talks on Mr. Shamir's election plan. One goal of the elections is to establish limited Palestinian autonomy. But even before these general elections, why shouldn't the Palestinians ask for local elections to establish more local self-government now? In return, they would end the uprising.

Some such initiative would, at a stroke, recapture world attention and support, begin to address Israel's legitimate security concerns and, finally, advance the time of self-respect, self-government and peace.

— THE NEW YORK TIMES.

Other Comment

For a Bigger, Longer Summit

The leaders of the United States and the Soviet Union set aside a weekend to discuss the future of the world. Last weekend the leaders of Europe met over dinner in Paris to do the same. What lasting good can possibly come of these brief encounters? How can Russia and America even begin to settle Europe's future in the absence of the European powers? The historic changes transforming Europe affect the whole world. So let the leaders of all the great powers get together as soon as possible to agree on a joint approach to the future. And is it too much to ask that a world summit to discuss the next century should last for at least a week?

— Sunday Express (London).

A few months ago, people still thought the superpowers ran the world. But these wonderful days that have been shaking up history have been more or less beyond them. Mr. Bush saw nothing coming and found nothing to say. Mr. Gorbachev let things happen, or provoked changes without really controlling them. These revolutions in the East have been conducted by the peoples themselves, suddenly rid of superpower control.

— Le Journal du Dimanche (Paris).

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OPINION

Presidents' Answers Don't Always Answer

By Andrei Sakharov

The writer is the Soviet scientist and human rights activist. This article is adapted from a book, to be published next year, about recent Soviet events.

MOSCOW — There is of course no alternative to Mikhail Gorbachev as leader of the Soviet Union in this decisive moment in its history. I have said this many times in many meetings, and have watched Mr. Gorbachev's face light up with joy and triumph when I repeated these words in his presence. It was Mr. Gorbachev who, in just four years, initiated many decisions that completely changed the situation in the Soviet Union, and the psychology of its people. Of course, history has pushed our country toward these decisions, but Mr. Gorbachev's role must not be overlooked.

At the same time, I do not idealize Mr. Gorbachev personally nor believe that he is doing all that is necessary. And I believe it is very dangerous to concentrate unlimited powers in the hands of one man, as Mr. Gorbachev has tried to do.

In the course of the last year, my concern over the general line of Mr. Gorbachev's domestic policies has increased. I have been worried by the enormous gap between words and deeds in economics, politics and society. Economic reform should be based on changing the structure of property ownership in agriculture and industry, the liquidation of the power in the hands of the party and the state, and ending the corruption of the ministries. Such reforms have not yet begun.

I am worried by Mr. Gorbachev's obvious desire to obtain unlimited power. Worrisome as well is the way he consistently leans not toward those progressive forces who actually support perestroika but toward those who are merely politically obedient and controllable, even when they are also reactionary. This shows itself in a variety of situations. In the difficult problem of outspoken Soviet Union nationalities, for example, Mr. Gorbachev shows a negative attitude toward the politically recalcitrant Armenians and Balts.

In the social area, I am worried by the lack of any real changes for the better at almost all levels.

This lack of change has cost Mr. Gorbachev popularity among some segments of society. His "anti-popularity" may be measured by the popular success of Boris Yeltsin. I respect Mr. Yeltsin, but he is a person of a different caliber from Mr. Gorbachev. His popularity is the result of being perceived as the current regime's opposition, and as its "victim." This explains his phenomenal success — he garnered nearly 90 percent of the Moscow vote in the recent elections to the newly created Congress of People's Deputies.

I decided that a frank talk with Mr. Gorbachev, without witnesses, would be very important. While the Congress of People's Deputies was meeting this spring, I told him one morning that I wanted to speak to him, one-on-one.

All that day I was on pins and needles. After the evening session, I reminded one of Mr. Gorbachev's secretaries of my request. He returned a few minutes later and said Mr. Gorbachev was speaking with members of a Georgian delegation, it would take a long time and it would probably be better to postpone the meeting to the next morning. I asked him to tell Mr. Gorbachev that I would wait. I took a chair not far from the door to the room where he was. I could see the enormous hall of the Palace of Congresses, shadowy and empty, and the guards at the distant doors.

About half an hour later, Mr. Gorbachev came out, but with him was his close aide, Anatoli Lukyanov. Mr. Lukyanov had not been part of my plans, but nothing could be done about it. Mr. Gorbachev looked tired, and I probably did as well. We moved three chairs to the corner of the stage and sat at the table of the Presidium. Mr. Gorbachev was very serious throughout the conversation. His usual smile for me — half kindly, half condescending — never appeared.

I said: "Mikhail Sergeyevich! It is not for me to tell you how serious things are in the country, how dissatisfied people are and how everyone expects things to get even worse. There is a crisis of trust in the country toward the leadership and the party. Your personal authority and popularity are down to zero. People cannot wait any longer with nothing but promises. A middle course in situations like this is almost impossible.

"The country and you personally are at a crossroads — either speed up the process of change all the way, or try to keep the administrative command system with all of its qualities.

"In the first case you must use the support of the 'left': you can be sure that there will be many brave and energetic people you can count on. In the second case, you know for yourself whose support you will have, but you will never be forgiven the attempt at perestroika."

Mr. Gorbachev replied: "I stand firmly on the position of perestroika. I am tied to that forever. But I am against hopping around, panicking, hurrying. We have seen many 'big leaps,' and the results are always tragedy and backtracking. I know everything that is being said about me. But I am convinced that the people will understand my line."

I told him: "The Congress is not deciding the main political task — all power to the soviets. That is, the liquidation of the inequality of the double powers of the party and the soviets. There must be a decree on power, which will guarantee the Congress the full range of legislative power and the right to promote the basic people in charge. Only then will we have power of the people, freedom from the tricks of the apparat, which in fact makes policy now — both in legislation and in selection of people. The elected Supreme Soviet is not competent enough or capable of doing the work. The country is still run by the same people, the same system of ministries and agencies, and the Supreme Soviet is almost powerless."

Mr. Gorbachev said: "The Congress cannot deal with all the laws — there are too many of them. Therefore we need a constantly working Supreme Soviet. But you, the Moscow delegates, wanted to play at democracy, and as a result many people we need did not get into the Supreme Soviet. We had planned to give them positions in the commissions and committees. We spoiled many things. But we will try nevertheless to fix what we can."

I said: "I'm very concerned that the only political result of the Congress is your now unlimited personal power. We came to this peak without elections, you didn't even go through an election process to the Supreme Soviet and you became chairman without being a member."

Mr. Gorbachev asked: "What's the matter? Didn't you want me to be elected?"

"You know my opinion. I don't think there is an alternative to you. But we're not talking about personalities, we're talking about principles. Besides which, you could come under pressure, you could be blackmailed by people who have information against you. Even now they are saying that you took bribes in Stavropol. [Mr. Gorbachev was active in party politics in Stavropol, near the Black Sea, throughout his early career.] They mention 160,000 rubles. If you aren't elected by the people, no one can protect you."

"I am absolutely clean. And I will never give in to blackmail attempts — not from the right, not from the left." Mr. Gorbachev said these words without any visible irritation, firmly.

So ended that meeting. I did not record it right away and now I am writing from memory. It is quite possible that the order was a bit different and that my words are not exact. But Mr. Gorbachev's key formulations, I think, are accurate. □

Of course, I have not always had such wide-ranging and frank discussions in my meetings with state leaders. When I talked to such figures as Ronald Reagan, George Bush, George Shultz and Margaret Thatcher, there were many questions about human rights. It looks as if I am sowing the seeds of my own future activity.

Mr. Reagan seemed like a charming man. I tried to talk about "star wars" in the broad aspect of international strategic stability and general prospects of disarmament. I think he somehow tuned out my arguments. He kept repeating what he always said — that the Strategic Defense Initiative would make the world a safer place.

When I met George Bush in Washington in November last year, he had just been elected president. I talked to him about the importance of America agreeing to the doctrine of refusing to take the first strike. The Soviet Union would then confirm its own previous first-strike refusal in a legal and constitutional manner. This would create much more trust and the conditions for achieving strategic equilibrium in conventional weapons.

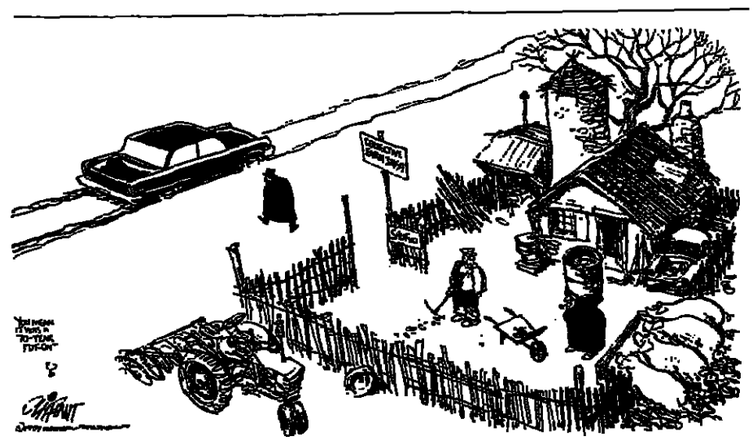
Nuclear weapons, which allegedly could be used first if necessary, merely create the illusion of safety. Nuclear war is the suicide of the human race, and no one would dare begin it, for it is clear that this path leads to inevitable escalation and will be impossible to stop. You cannot threaten with something that will never be used. But the illusion of nuclear safety through guaranteed destruction has a flip side. The West does not pay enough attention to conventional weapons.

Mr. Bush took a photograph out of his pocket — a family group, people of various generations on some cliffs by the sea. He said: "Here's the guarantee that we will never use nuclear weapons first. This is my family, my wife, children and grandchildren. I don't want them to die. No one on earth wants that."

I replied, "But if you insist that you will not strike first, you must make an official announcement of that, put it into the law."

Mr. Bush said nothing.

The Washington Post.



'Moscow says to forget about communism. They were just kidding.'

Germany Will Be the Head of the European House

By George F. Will

WASHINGTON — Was there method to the manner of former West German Chancellor Helmut Schmidt, who was fond of sporting a soft fisherman's cap from his native Hamburg? It was perhaps a way of saying, "See how far we Germans have come from spiked helmets!" For four decades, Germany's most important export has been reassurances.

When Chancellor Helmut Kohl last Wednesday endorsed reunification for "the continuation of German history," anxious Europeans wondered, "Which history?" That of cultural achievement or political destruction?

But current events should be reassuring enough. We — including the two bystanders standing on the decks of their ships in the Mediterranean — are witnessing the triumph of a 40-year tradition of West German freedom over a political catastrophe imposed on East Germany.

On Aug. 13, 1986, East Germany's regime celebrated — yes, celebrated — the 25th anniversary of the Berlin Wall with such incongruities as parades and a commemorative postage stamp depicting a winsome moppet handing flowers to border guards. There will not be 30th anniversary festivities, and some Western worriers seem sorry about that.

Germans are making nuisances of themselves by moving swiftly and peacefully toward unification, thereby upsetting diplomats who prefer the familiarity of the status quo. The Germans have been called a perpetually dissatisfied people who have a yesterday and a tomorrow but no today. The impermanence, even unreality, of the postwar present has been apparent in the reassuring slogan "Bonn is not Weimar." Bonn is not even Bonn — not really the capital of Germany. By being so provincial, it is ostentatiously provisional: It is the capital until Berlin can be.

It will be before long. Mr. Kohl has a reputation as a plodder, but he has seized this moment to move toward the end of the postwar era. And many people see in this movement the reappearance of dangerous German volatility and vitality.

Volatility? Germans are only seeking rights, including self-determination, that the West's civic religion teaches are inalienable. Political light-years ago (last May), a NATO summit communiqué reaffirmed the hope that "the German people" would regain "unity through self-determination." In the distant future (say, 1992) that may happen. That will knock into a cocked hat (where it belongs) the banality of "Europe '92" — Brussels as the center of the universe, national sovereignties surrendered to Eurocrats.

European freedom is being enlarged because history is running against Brussels — for Margaret Thatcher, and also for a statesman whose vision of Europe may be vindicated in the 1990s, Charles de Gaulle. Quickened nationalisms may be compatible with a "broader" Europe of economic unity, but they are not compatible with a "deeper" unity of political integration.

In a dialectical process that should be satisfying to students of German philosophy, the Berlin Wall (itself a delayed response to the uprisings of 1953, which the Communist regime blamed on contaminating contacts with the West) gave rise to forces that have toppled the wall and the regime that built it. The wall led to West Germany's Ostpolitik, which fueled, through human contacts, explosive pressures behind the wall. That is why for years German foreign policy was détente über alles.

The East German regime contributed to its own downfall by acknowledging a rising sense of Germanness. It restored the statue of Frederick the Great to Unter den Linden. It celebrated Luther Year in 1983, the 500th anniversary of his birth. It muted the ideological teaching that all reactionary forces in German history passed through Hitler into the Federal Republic and all "progressive" forces culminate in the Democratic Republic. It commemorated the July 20, 1944, assassination attempt on Hitler as a great event for all Germans.

If Europe's future belongs to producers, not warriors, that future may be made for, and by, Germany.

The Economist says, "Germany is set to win in peace the European supremacy that has twice eluded it in war." Of course Germany will be the head of the European house. What else can it be? A big Switzerland? That is an oxymoron. But a big Germany need not be ominous.

Norman Stone, professor of modern history at Oxford, says of Germany: "She is, easily, the outstanding European country. She fulfills the role that [Britain] used to fulfill of combining economic efficiency, educational excellence and all-around seriousness with political liberalism and respect for people's rights. She is now, in my opinion, the modern European country."

Mr. Stone's analysis may be too sanguine, but it is not silly and it is a timely antidote to reflexive, facile angst at Germany's expense. If Helmut Schmidt's hat was not sufficiently reassuring, 40 years of freedom should be.

Washington Post Writers Group.

Correction

The dropping of a line distorted a passage in Jim Hoagland's column "Go Tell It to the People in German Streets," on this page Saturday. The passage should have read: The decision is not a sign that Madrid expects Berlin to soon become the capital of a reunited Germany, the Spanish tell everyone. Everyone agrees and nods knowingly.

Conditions for a United Germany

THERE is no reason to believe that a democratic Europe would be destabilized by a united Germany within the present borders of the two states. The greatest danger would come from the denial of unification when it was demonstrably desired by the vast majority of the people within two democratic German states. Such a denial might provoke a revival of German nationalism. So, too, might an enforced neutrality, or (to a lesser degree) the undue prolongation of the residual powers of the four allied powers, notably in Berlin. These should be signed away in a peace treaty which would also ratify existing borders. Never again must Germany's eastern frontiers become an issue. Finally, East-West arms reductions and treaty arrangements must ensure that a united Germany could never be regarded as a potential source of military threat, however small that danger might in reality be.

— The Independent (London).

The West Will Have to Be Patient

THIS is a tempting time for the crusaders of capitalism to crow, as the Marxist faith, in the inevitability of the historic process, takes on a new, inverted truth. The dismantling of the Berlin Wall and the rusting of the Iron Curtain were bound to happen as new electronic forms of communication confirmed East Europeans' observations of the bankruptcy of their centrally planned economies and the failure of the atrophied system to respond to accumulated consumer yearning. Through the exhilaration and uncertainty, two central questions have emerged: What will happen to the Warsaw Pact and NATO, and can the East European economies be integrated into the West?

The new opportunities appearing to open tantalizingly in Eastern Europe cast some shadows over progress toward a single West European market from 1992. Indeed, it has been suggested that the prospect of being shut out by 1992 increased the level of urgency of demands for change in the East. European unity remains on course, but its expression may be deferred beyond 1992 in order to come to terms with the complexities introduced by the new East European glasnost. The blurring of sovereignty as myriad ancient concepts of nationhood come into play may make economic openness easier, but will require monumental patience on the part of the great powers, including West Germany, and stepped up communication between them.

— The Australian Financial Review (Sydney).

Lithuania Challenges The West

By Stephen S. Rosenfeld

WASHINGTON — To spend an hour with Vytautas Landsbergis, head of the Lithuanian independence movement, is to be drawn inexorably to the uneasy moral core of the political decisions that face the West.

In the old days, we could give full vent to our demands for freedom behind the Iron Curtain, secure in the knowledge that all the give would have to come on the Kremlin's side, none on ours. It felt good to make the

They are entitled to call the rest of us to look them in the eye.

appeal, and Soviet rigidity spared us the need to consider what the implications of success might be.

But these are the new days, and Mr. Landsbergis, who was in Washington to lobby for Lithuania's inclusion on the agenda of the Malta summit, is their herald. Help us, he says, gain freedom now for Lithuania, which was an independent nation when Stalin swallowed it (and Estonia and Latvia) on the eve of World War II. Listening, many of the rest of us find ourselves nodding: Yes, of course, great, right on, freedom, now, but.

The irreducible "but": We find certain reasons of state to hesitate at the demands for freedom, for our muscular support of full freedom now, that tumble out of the Soviet Union and the Soviet empire. The heart leaps at a dream coming true, while the hand pauses at the practical question of whether Mikhail Gorbachev and the Soviet system can manage all these demands.

Our question to Mr. Landsbergis, a musicologist who, if he were a composer, would be Bartok (logical, resonant, capable of passion, dissonant). Is it good for you? Meaning, are you not going too fast too far, asking for the unachievable, tempting a slowdown, crackdown or society-wide meltdown? Why not take Moscow's offer of economic autonomy and let political independence come along on a slower, safer track?

To which he responds with impeccable authority that it must be left to those who take the risks to measure the risks. He happens to think that the moment for Lithuania's leap to independence is riper than many outsiders believe.

Someone who does not burn with the urgency and justice of his cause is unlikely to have hurdled the tremendous obstacles that have brought freedom-seeking Soviets, and others, to their current moment of hope. But while the cause with whose justice and urgency Mr. Landsbergis burns seems just to us, it cannot possibly seem as urgent. We are left commending discretion to the audacious, calculation to the gallant.

We in the West have a further question for Mr. Landsbergis and others on the front lines: Is it good for us? Is your objective or your manner of its pursuit cousistent with what we have on our minds? Such as maintaining the internal Kremlin stability that is requisite, we believe, to progress across a broad range of issues?

Mr. Landsbergis can be forgiven for noting that when he asks a group of Americans to support urgently the independence goal they have long professed, he gets a paradoxical response. Americans return his request for their support with their request for his support — this to be rendered by his more restrained pursuit of his goal. I find his word for it, "blackmail," too harsh, just as I find too harsh the countering thought that he, from his moral height, blackmails us. A tant dialogne.

All the same, the reproach compels us to try to ensure that in pursuing arms control, political cooperation and trade, which are of great importance to us but not of first and vital national importance (after all, in the Cold War we prospered, while Lithuania lies stricken), we do not do so at the expense of an interest of first and vital importance to a friend.

John Kennedy summoned us to "bear any burden." But this sort of appeal, familiar in the domestic debate, soils our credibility and leads us away from the grittier calculations of cost and efficiency, profit and risk, which must finally temper policy determinations.

From the rampart they command by virtue of their bravery and struggle, they are entitled to call the rest of us to look them in the eye and to make a good-faith effort in their behalf. I believe we are capable of it.

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: About an Epithet

PARIS — *The Herald says in an editorial:* The London *Times* speaks of the Socialists as "Socialist Blackmailers." This is an unfortunate epithet. The poor Socialists may be a good many things — gaolbirds, transported convicts, cranks, Communards — but in what sense blackmailers? The blackmailer makes money by criminal appeals to the terrors of his victim. The socialist appeals to his victim's cupidity. The difference is marked.

1914: Boers Captured

LONDON — Official news from Pretoria announces the taking of the rebel leader De Wet. The capture was effected by Commandant Brits on Tuesday [Dec. 1] in a farm situated a hundred miles east of Mafeking, where De Wet had taken refuge with fifty-two of his men. The party surrendered without making any resistance. The news of the capture of the cleverest and most elusive of their leaders will certainly have a crushing effect on the rebels and may be regarded as the beginning of the end, and a deathblow to the South African rebellion. It should soon be followed by the rounding up and surrender of the straggling commandoes still left in the field.

1939: Britain Blamed

AMSTERDAM — Seeking to counteract the disastrous impression made in Germany by Soviet Russia's unprovoked attack on Finland, the Nazi government through its propaganda service today [Dec. 3] accused Britain of being responsible for the Russian act of aggression. The "Berliner Börsen Zeitung," in an article signed by Karl Megerle, one of Foreign Minister Joachim von Ribbentrop's associates, declared that Great Britain, by attempting to establish strategic positions against the Soviets in the Baltic, had forced the Soviets to act first in order to insure their menaced security.

OPINION

Cooperation With Moscow Still Needs to Be Earned

By Robert D. Hormats

NEW YORK — The ends of wars, even cold ones, are times of great opportunity, but also of danger. John Maynard Keynes foresaw the disastrous consequences that ultimately resulted from the ill-conceived Versailles Peace Treaty of 1919. Then the other victorious powers clumsily mismanaged economic relations with the defeated powers and with one another. After World War II, the allies helped to rebuild West Germany and Japan, but attempts at global domination by Stalin led to prolonged East-West tensions.

Now the changed environment in Moscow and Eastern Europe creates new possibilities. Can nations use the time ahead to better advantage? If the answer is to be affirmative, decisive policy initiatives by the United States and its partners will be necessary.

The future of the Soviet Union will be determined in large measure by the success of perestroika. The West can do little directly to promote Soviet reform, but it can help indirectly by holding out prospects for increased trade and investment and for the gradual integration of the Soviet Union into the global economic system.

There needs first to be a consensus among the Western allies that economic normalization with the Soviet Union should be consistent with Western market principles and that it should depend on genuine and sustained internal reform in the Soviet Union.

Arrangements that simply "split the difference" between East and West would be counterproductive to socialist nations and market economies alike. Extending large subsidized credits to socialist nations, or inviting the Soviet Union to participate in global economic institutions without significant economic reform, would be self-defeating.

Full Soviet membership in GATT, the World Bank and the International Monetary Fund is inappropriate now. Moscow's economic system is incompatible with the market principles on which their rules are based.

Its reforms have barely budged the system from its heavy centralization of decision-making; prices are still predominantly set by government; the notion of equity capital continues to run up against Leninist ideology; and entrepreneurs in the new cooperative movement are criticized for making profits. How can such a system integrate with innovative, market-oriented nations in North America, Western Europe and Asia?

But not inviting the Soviet Union to join these institutions now does not mean closing the door to integrating it into the global economy.

Observer status in GATT should be considered after completion of the Uruguay Round next fall, if Soviet reforms continue. Meantime, consultations should take place between GATT and Soviet officials to enhance Soviet understanding of the global trading system.

Moscow is now adopting a new tariff structure. GATT experts could help it do so in a way that facilitates market-oriented trade with non-socialist nations. And Moscow could begin to accept GATT codes on protection of intellectual property, subsidies and dumping.

Consultations should also begin among IMF and World Bank experts and Soviet officials. Soviet reformers could avail themselves of the bank's expertise on agricultural market reforms (desperately required in a country that loses more than 25 percent of its crop between fields and market) and on transportation, banking and industrial restructuring. The IMF could provide expertise on exchange rates, pricing, banking and credit matters. Both the bank and the IMF should stress the need for encouraging private investment.

The United States will have to reevaluate its economic ties with Moscow. Two-way trade is now limited by the Soviets' inability to make large-scale purchases of U.S. goods due to lack of financing, by low U.S. demand for Soviet exports due to poor quality, and by a lack of sustained trading experience between the two countries. In addition, the Jackson-Vanik amendment denies Moscow most-favored-nation tariff treatment as well as Export-Import loans and guarantees.

President Bush has said that if the Soviet Union were to "codify its emigration laws in accord with international standards and implement its new laws faithfully," he would waive Jackson-Vanik. A new trade agreement with Moscow including provisions for business facilitation, protection of industrial property and dispute settlement would be required to enable the administration to extend MFN status to the Soviet Union.

Any new trade agreement would need to go well beyond the one negotiated in 1972, to take into account dramatically changed circumstances. American business would want arrangements to provide security for American investment in the Soviet Union and repatriation of profits. If Moscow and Washington can agree on such measures — ones that draw the Soviets toward the Western economic system — we will begin to see the outlines of a better international structure.

The writer, an investment banker, was U.S. assistant secretary of state for economic and business affairs in 1981 and 1982. He contributed this comment to The Washington Post.

American and Soviet Interests Have Converged

By Anthony Lewis

BOSTON — The sudden new reality in East-West relations is the fact that, in profound ways, the interests of the United States and the Soviet Union now coincide.

Think of the extraordinary events of the last month in Eastern Europe. For us in the West they represent the vindication of longings we have expressed for 40 years without ever really believing they could be fulfilled. The freedom of Czechoslovaks and Hungarians and East Germans and Poles, we would say, is in our deepest interest.

But Mikhail Gorbachev must also have concluded that it was in the Soviet interest. He must have, or it would not be happening. How much he anticipated we cannot know. But when the moment came to choose, he chose to let the people of Eastern Europe go their own way.

He decided to liquidate the Soviet empire there rather than intervene to maintain it by force — an intervention that would have destroyed his relations with the West. He decided that Soviet interests lay in the West rather than in rebellious, unproductive satellites.

Now both superpowers, and their allies, have a common interest in finding a new point of repose in Europe. For both sides there is a tension between the desire for change and the desire for stability.

To speak of two sides is in fact outdated. There is a common interest among a varied group of European nations in easing the anxieties that accompany rapid change. All want fresh reassurance about arrangements for peace and security.

Mr. Bush and Mr. Gorbachev know they cannot impose arrangements on others. They also know they have the power to inspire confidence in the hope of solutions.

There is a common interest, too, in a balance of change and stability in the Soviet Union itself. Mr. Bush recognized that when he finally said, and said forcefully, that the United States supports perestroika and wants Mr. Gorbachev to succeed.

On the right in the United States there are those who want Mr. Gorbachev to fail. They would like to see the Soviet Union break up, with most of the republics as separate states and Russia reduced to the size of the Grand Duchy of Muscovy in the 14th century.

Do they think the result would be a collection of peaceful democratic states? To the contrary, we would be likely to see much extremism: fascism, anti-Semitism, Islamic fundamentalism and so on, posing threats not just to their own people but to the peace of others.

Another common interest is in reducing defense costs. That is President Gorbachev's best hope of making more goods available at home, and President Bush's of cutting the budget deficit and meeting domestic social needs.

For both countries, the logical first place to make savings is in troops stationed on the territory of European allies: 305,000 Americans, 600,000 Soviet soldiers. Here again stability has its claims along with the pressure for change. Mr. Gorbachev surely does not want all U.S. forces out of Europe in a hurry.

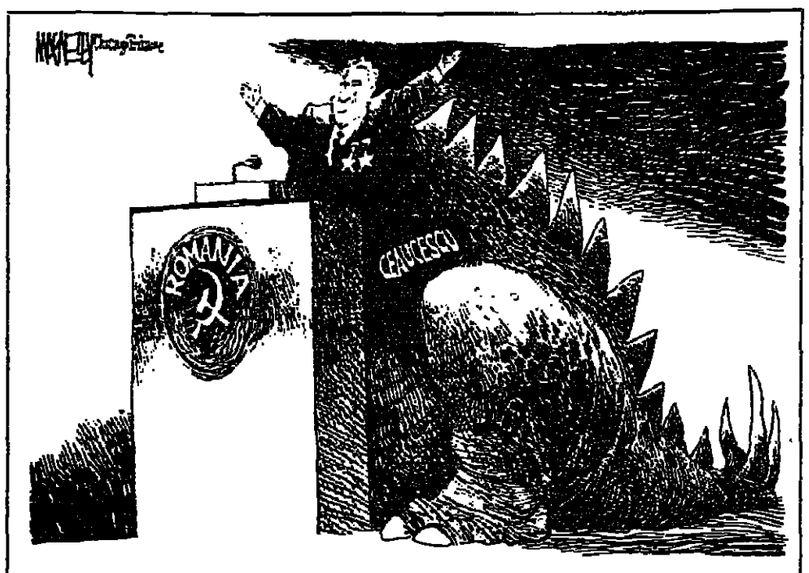
Finally, the two parties have a mutual interest of an urgent kind in the Third World. That is to ease the burdens imposed on them by client states. The Soviet Union has been spending upward of $15 billion a year to support Cuba, Vietnam and other countries. The United States has its clients in Latin America, Asia and the Middle East. Some of that money is justifiable economic aid. But some fuels wars that are overdue for political settlement — in Afghanistan, for example.

It is not only the money that burdens the United States and the U.S.S.R.; it is the nature of some of those clients. Supporting the bloody Mengistu Haile Mariam in Ethiopia reflects no glory on the Soviet Union. The United States hardly benefits politically from its association with the right in El Salvador or the Khmer Rouge in Cambodia.

The two superpowers still have very different viewpoints on those Third World conflicts, and on other matters. Nirvana has not arrived in the last month. But both countries can approach issues now without, or almost without, ideological baggage. Mr. Bush and Mr. Gorbachev are more like ordinary negotiators, self-interested but seeing the possibility of mutual benefit in agreements.

The two leaders went to this meeting with another advantage: respect for each other's restraint. Mr. Gorbachev showed incredible calm during the turmoil of November; Mr. Bush avoided all temptations to crow. That, too, was part of the promise of Malta.

The New York Times.



Welcome, Nadia, and Good Luck

By Vladimir Moraru

GLENDALE, California — Like all Romanians who have left their country, I have been reading and watching the news with particular fervor this autumn. Poland, Hungary, the Berlin Wall, Czechoslovakia ... Nothing about Romania. At least, nothing new about Romania.

Until Nadia Comaneci, the most famous Romanian athlete ever, the national heroine, the girl every Romanian father wanted his girl to be like, decided that enough was enough and crossed the border to, of all places, Hungary.

It was big news. Shocking, actually. Nothing could have had a greater impact on a Romanian soul than Nadia Comaneci leaving Romania. Nothing.

MEANWHILE

Why now? Why not 13 years ago, after the Montreal Olympics, when the world was at her feet?

Why not 10 years ago, after the world championships in Fort Worth, Texas, when she was still the sport's greatest star? Or eight years ago, when Professor Higgins himself — better known as Bela Karolyi, the coach who, through Nadia, transformed gymnastics from a lethargic waltz into a tumultuous rock tune — decided to leave everything behind and start a new life among strangers?

Or why not five years ago, when Nadia was the honorary guest of the organizing committee of the Los Angeles Olympics, and the film about her life could have brought her millions?

Why not in all those years when she could have cashed in on her glory and lived a life that no Romanian could dream of in his country?

Miss Comaneci has her own answers to all these questions, but I'll try to answer for her.

She had to grow up. She had to mature. She probably also had to lose any hope that things would change for the better in her country.

Miss Comaneci knows, as I know, as everybody who has done it knows, that leaving your country is an extreme decision. There's no way back.

She was only 14 when the world discovered her in Montreal. It took almost another 14 years for her to discover the world. But it's never too late.

The former tennis star Ilie Nastase and Miss Comaneci are Romania's greatest sports heroes. Because of the nature of his sport, though, Mr. Nastase became a citizen of the world, living mostly abroad, in the United States and France, and going back to Romania for rare and short visits, usually occasioned by Davis Cup matches.

To a certain extent, Mr. Nastase's status was comparable to Ivan Lendl's. But, unlike the Czech Lendl, who is seeking U.S. citizenship, he never made a political statement.

Miss Comaneci, instead, has made a political statement with tremendous impact.

Although Mr. Nastase is only a "part-time Romanian" and a full-time capitalist, Miss Comaneci was there. She was presented by the Communist regime as a symbol of talented, happy, successful Romanian youth. No other teenager has ever received the country's Hero of Socialist Labor decoration. Probably no other ever will.

Romania was the only country from the East bloc that sent athletes to the Los Angeles Olympics in 1984. Much of the free world thought that Romania was the most democratic country of the Communist world. "It ain't so," says the symbol of talented but not-so-happy Romanian youth with her defection, leaving the country — merely a coincidence? — only a few days after the Communist Party Congress "unanimously" decided that reform is not on Romania's agenda.

Miss Comaneci has never talked much. Few people really knew her. Nobody can guess what is hidden behind her dark, piercing eyes.

A midnight walk toward the West, over a border that had been closed two weeks before, is her most eloquent discourse ever. The stone-faced queen of gymnastics is human after all. She has just started a journey, scoring a perfect 10 as spectacular as the one that confused the computer 13 years ago.

Welcome, Nadia, and good luck. I hope that my 5-year-old daughter will be like you.

Mr. Moraru, a former sportswriter in Bucharest for Romania's national sports daily, Sportul, obtained asylum in the United States after the 1984 Olympics in Los Angeles. He contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

For a Private Investment Drive to Help the East

In the spirit of your Nov. 25 editorial "Investing in Reform," I believe there are millions of free world citizens who are encouraged by the events in Eastern Europe. I, for one, would like to participate in this incredible turnaround. We have an unusual opportunity to diminish the likelihood of a global conflict not only for ourselves but also for succeeding generations, by "investing" in East bloc countries.

The editorial speaks of aid from the democratic governments. I believe that there is far more aid available from private citizens willing to take a risk for freedom and peace. I would encourage you to promote the notion of a private investment campaign in the free world for the purpose of rebuilding Eastern Europe.

These investments could be administered by each government, much like government bonds, but the funds would be earmarked for the Eastern countries. One would expect very low interest rates with very long redemption periods. This money would not compete with commercial funds and would be only for an investment in peace.

WILLIAM G. POPE.
Versoix, Switzerland.

Helping the Villains

In response to "Cambodia: The Exquisite Irony of a Secret U.S. War" (Nov. 17) by Jeremy J. Stone:

America shares with Vietnam the responsibility for destabilizing Cambodia during the Vietnam War. Saturation bombing, which the United States for some time publicly denied, killed thousands of Cambodians and radicalized the opposition to the U.S.-backed Lon Nol regime, helping to pave the way for the emergence of the xenophobic Khmer Rouge.

Now CIA operatives are helping to funnel arms and financial aid to the non-Communist forces that are attempting to defeat the Hun Sen government, and America is campaigning for a comprehensive settlement that calls for inclusion of the Khmer Rouge as a part of the four-party government. This would inevitably lead to the Khmer Rouge asserting total control.

It seems that the Bush administration cares less about Cambodia than it does about appeasing China. Congress should intervene and put an end to the new secret U.S. war in Cambodia.

M. ELAHI.
Ottawa.

Tough Means Straight

Regarding "From Malaysian Leader, Tough Talk on Vietnam Refugees" (Monday Q&A), Oct. 30:

Why is it that when somebody says the sort of plain thing that everyone in the streets is saying, newspapers call it "tough talk"? Tough talk is simply real talk. Too many news columns are filled with things that people say for publication without believing it themselves, even knowing that the journalist who copies down their words knows that these words aren't for real.

M.-C. STRICKER.
Strasbourg.

Praise for an Envoy

Regarding "U.S. Diplomacy: Some See a Crony Corps" (Nov. 8):

As two Americans who have lived in the Netherlands for a total of 12 years, we have seen U.S. ambassadors come and go. Ambassador C. Howard Wilkins Jr. is a breath of fresh air. The Dutch respect business success, which he has amply demonstrated in his career.

Political appointments to prominent ambassadorships are nothing new. The system generally works, and draws from a pool of talent not readily available in the underpaid Foreign Service.

WILLIAM C. PODURGIEL,
GAIL D. SCHOPPERT.
The Hague.

Time-Out From the Top

The commissioner of the U.S. Professional Golf Association tour, Deane Beman, and his helpers deserve kudos for their new rating system *("Best Golfer Ever? Not Jack or Arnie," Sports, Nov. 7)*, which puts Sam Snead on top where he always belonged. It is, however, sad that no rating system for athletes makes allowance for seasons lost through military service, which took chunks of their prime from Sam Snead, Ted Williams, Bob Feller, Joe Louis and Tommy Armour.

JOHN C. WEISERT.
St. Jean-de-Luz, France.

About Cigar Bands

The suggestion *("Plugging the Savoir Vivre Gap in France," Features, Nov. 27)* that it is all right to leave the band on the cigar is not "heretical" at all. Hard-core cigar smokers leave the band on for a good reason. If the glue that holds the band together has stuck the band to the cigar's wrapper leaf, as sometimes happens, removing it may tear the wrapper and make the cigar unsmokable. If aesthetic considerations or compulsive behavior lead one to remove the band, it should be done carefully.

A. J. HENIUS.
Paris.

Same Keys, New Plaint

A thought-provoking item on CBS News recently dealt with physical disabilities in the hands and arms of people who use computers all day long. It is worth noting that typists who made equally repetitive movements in the pre-computer era were not thus afflicted.

NESTA COMBER.
Vence, France.

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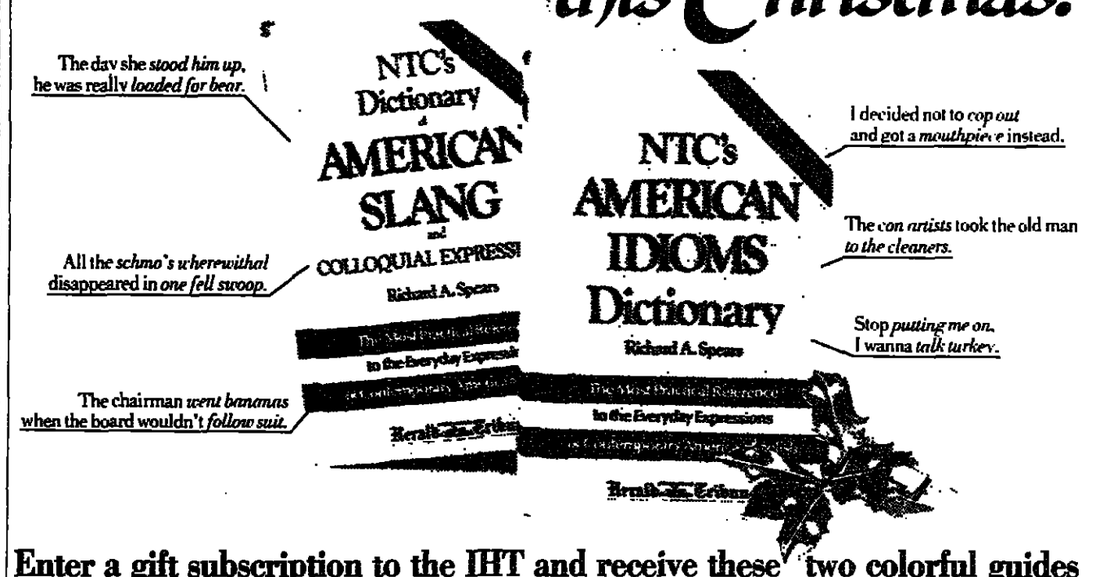

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Portugal	Esc.	29,000	29,240	16,000
Spain (mail)	Ptas.	32,000	22,600	17,600
3) hand delivery	Ptas.	32,000	22,600	17,600
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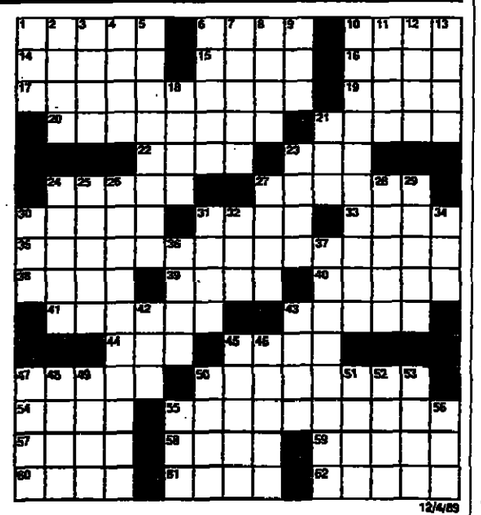

12/4/89

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ACROSS
1 Root or Yale
6 Platter
10 Shoe cover
14 Gannet
15 "Do —— others"
16 Actress Petrova
17 Caution!
19 Trepidation
20 Renegade
21 Commence
22 Take ten
23 The gift of ——
24 Papas' partners
27 Dialects
30 Scandinavian sea-god
31 Suffix with Burns
33 Sr. citizens' nest eggs
35 State of being not allowable
38 Give temporarily
39 Barker at a circus
40 Tibetan neighbor
41 Exotic biblical dancer
43 Expand
44 Koch and McMahon
45 Give forth
47 Frighten
50 Acted as chairman
54 Birthplace of seven U.S. Presidents
55 Like a laborer's money
57 Mother of Helen of Troy
58 Plant used in lotions
59 French critic-historian: 1828-93
60 Was in debt
61 Antitoxins
62 German seaport

DOWN
1 Suffix with journal
2 Burden
3 Pianist von Alpenheim
4 Attorney Arthur Garfield ——
5 Like a softball pitch
6 Twosomes
7 Gore in a garment
8 Agitate
9 Barracks bed
10 Like some eggs
11 Legal item
12 Seaweed product
13 Baker's product
18 Gold holders
21 Droop
23 Snatch
24 First king of Egypt
25 Guam's capital
26 Standing between extremes
27 Deep blue
28 Worthless item
29 Beelzebub
30 Suffer
31 Words of comprehension
32 —— matter of fact
34 Scansion unit. Abbr.
36 Tenets
37 Begin
42 Sappho creation
43 Sagacious
45 Miscue
46 Jason's wife
47 Unaccompanied
48 Masticate
49 Assistant
50 Wan
51 Small amount
52 Arthurian lady
53 Sand hill
55 Owns
56 Retreat

Solution to Friday's Puzzle

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Roger Mouhanna/Reuters

A delegation of French deputies arriving in East Beirut to show support for the Christian army leader, Major General Michel Aoun.

This Is Way to 'Suicide,' Aoun Is Told

The Associated Press

BEIRUT — The prime minister of Lebanon, Salim Hoss, said Sunday that the rebellious Christian army leader, Major General Michel Aoun, was leading Lebanon to "national suicide," but ruled out a military attack to remove him from the presidential palace at Baabda.

General Aoun "has become an outlaw, leading a mutiny that will result only in partitioning Lebanon," Mr. Hoss said in a statement.

The statement indicated that the prospect of a military showdown between General Aoun and the Syrians, backed by their leftist and Muslim allies, was receding.

But Syrian forces with their armor and heavy artillery showed no sign of pulling back from positions ringing the Christian enclave north of Beirut controlled by General Aoun's forces.

The prime minister, a Sunni Muslim, declared that if General Aoun refuseed to accept an Arab League-brokered peace accord to end 14 years of civil war, it "will mean national suicide."

The peace plan was endorsed by Lebanon's parliament at a special session convened in the Saudi Arabian resort of Taif in October.

General Aoun rejects it because it contains no solid guarantees that Syria, which he considers an occupying power, will withdraw its army from Lebanon.

The general, 54, a Maronite, is dug in with 20,000 troops in the Christian enclave and refuses to hand over the palace to Lebanon's new Syrian-backed president, Elias Hrawi.

The palace was largely ruined by shellfire during six months of fighting between General Aoun's troops and the Syrians earlier this year. But it symbolizes state authority, and Mr. Hrawi has vowed he will rule from there, "even if there is only one room."

The Syrians moved in 15,000 troops with tanks and heavy artillery last week to reinforce their 40,000 men in Lebanon and tighten the ring around the the 310-square-mile (800-square-kilometer) Christian zone.

■ U.S. Urges Negotiations

Thomas L. Friedman of The New York Times reported earlier from Washington:

Bush administration officials say they are working behind the scenes to help ease General Aoun out of the presidential palace peacefully so that Lebanon's newly elected president can take charge.

The officials said Washington was publicly and privately urging Syria and the government of President Hrawi to avoid using violence to remove General Aoun and concentrate instead on finding an "honorable exit" for the general.

Several ideas are under discussion in Beirut, ranging from offering him an ambassadorship in Western Europe — a method used in the past to get difficult political figures to leave the country for a while — to encouraging him to form his own party so he can pursue his agenda politically.

Although General Aoun has publicly spurned all of these offers, American officials say he has privately begun to indicate a certain flexibility.

Nevertheless, administration officials have no illusions that it will be easy to get General Aoun to leave the presidential palace.

"What we are urging is negotiations between Aoun and the Hrawi government that give Aoun an out," a senior administration official said.

He added that he understood that Mr. Hrawi's people had offered him several different honorable exits and that on Thursday he indicated that he might be willing to deal. "But he is setting some pretty stiff terms," the official said.

Analysts said, however, that the Bush administration did not have many cards to play in Lebanon and certainly had no desire to become deeply or directly involved there.

Solar Max Falls Back To Earth, Breaking Up Over the Indian Ocean

By John Noble Wilford
New York Times Service

NEW YORK — The Solar Max spacecraft, a victim of the forces of nature it investigated for almost a decade, has come crashing back to Earth, breaking into flaming pieces in the upper atmosphere but causing no known damage.

The National Aeronautics and Space Administration announced that Solar Max, the informal name for the Solar Maximum Mission satellite, plunged out of orbit over the Indian Ocean at 1026 GMT on Saturday.

Nearly all of the 5,000-pound (2,250-kilogram) spacecraft burned up in the atmosphere, but a few fragments could have fallen into the ocean along a track of several hundred miles.

Dick Adams, spokesman for the U.S. Space Command at Colorado Springs, which monitored Solar Max in its final days, said there had been no reports of the sighting of any debris. "There is no way to know if any remnants of the satellite survived," he said.

Launched in February 1980, Solar Max made history as the first spacecraft to be repaired in orbit by space shuttle astronauts. They revisited the crippled craft in 1984, hoisted it into the shuttle cargo bay, replaced some failed parts and then released it into a high orbit.

The successful repair job enabled Solar Max to continue detailed observations of the sun and especially the powerful solar flares that send out showers of high-energy particles causing magnetic storms in the Earth's atmosphere.

The spacecraft operated through almost a complete solar cycle, from a time of peak solar turbulence, or solar maximum, through the relatively quiet years and to the return of turbulence in recent months.

It was the rise in ultraviolet emissions from the sun and a sharp increase in solar flares that doomed the spacecraft. They caused Solar Max to begin its slow but steady fall from orbit. The spacecraft had no propulsion system for raising its orbit.

The increased ultraviolet radiation heated Earth's upper atmosphere, causing it to expand outward. In that situation, a spacecraft can encounter more atmospheric friction, which acts as a drag to slow the vehicle and cause it to descend steadily into lower and lower orbits.

The sudden increase of magnetic and particle activity from solar flares created a brief but strong drag on Solar Max, sharply lowering its orbit.

From an original altitude of 356 miles (570 kilometers) the spacecraft dropped below 140 miles two weeks ago. Flight controllers at the Goddard Space Flight Center in Greenbelt, Maryland, in effect pulled the plug. Before they lost radio contact with the spacecraft, the controllers commanded Solar Max to jettison its solar-power panels.

Dale W. Harris, deputy director for flight projects at Goddard, said this was a successful test of the spacecraft's designed ability to cast off the panels so that if it was ever necessary, such a craft could be returned to Earth in the cargo bay of the shuttle.

With no solar panels, the spacecraft soon went ailesat. Radar tracking stations continued to monitor Solar Max as it tumbled and descended. For several days, the Space Command, which tracks orbital traffic, had predicted that the end would come this weekend.

The spacecraft cost $77 million to build and launch. Last year, scientists petitioned NASA to send up a shuttle to rendezvous with Solar Max and either bring it home or haul it to a higher, safer orbit.

But the shuttle schedule, still crowded by the backlog that built up since the Challenger accident in 1986, could not be revised, the space agency said.

Joseph Gurman, the chief Solar Max scientist at Goddard, said the spacecraft's decade of operations had given scientists "a much better understanding of solar flares and the whole cycle of solar activity."

The spacecraft's achievements included the first observations of gamma rays from the 1987 supernova, or exploding star; the detection of 10 comets colliding with the sun; monitoring changes in high-altitude ozone over the Earth, and recording and studying more than 12,500 solar flares.

AMERICAN TOPICS

A Code of Behavior For Texas Lawyers

The Texas Supreme Court and the state's court of criminal appeals, citing abusive tactics that "ranged from lack of civility to outright hostility and obstructionism," have adopted the "Texas Lawyer's Creed, a Mandate for Professionalism." Some excerpts:

- I am passionately proud of my profession. Therefore, "My word is my bond."
- I commit myself to an adequate and effective *pro bono* [for the public good] program.
- I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible.
- I will advise my client that civility and courtesy are expected and are not a sign of weakness.
- I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party.
- I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol.
- I will be punctual.

Short Takes

Americans are enamored of anything to eat or drink that is "light." So a Manhattan-based Brazilian importer, Edson Queiroz, has introduced the ultimate —light water. He claims his Minalba brand of bottled water from Brazil has no heavy aftertaste because it contains fewer minerals than other bottled waters. Europeans, a spokesman for his company said, prefer mineral-laden waters. "They drink water for what's in it," he said. "Americans drink water for what's not in it."

A system of subtitling motion pictures for deaf members of the audience has been worked out by Marcia Zola, a deaf film fan, and her son and husband. A liquid crystal screen would bear letters visible only to someone wearing inexpensive polarized glasses that could be sold in the lobby. The films, of course, would have to be subtitled to begin with. The Zolas are looking for a philanthropically minded manufacturing partner among electronics and film companies.

Television training for policemen is being transmitted by cable to 900 police stations in all 50 states by the Dallas-based Law Enforcement Television Network, The New York Times reports. Staffed by television and law-enforcement experts, it gives lessons six days a week in everything from how to prevent jail suicides to how to plant a wiretap. The programs are encoded electronically to keep criminals or the idly curious from watching. The network says it hopes to enroll more of the 16,000 U.S. police departments so that it can start showing a profit.

Hollywood's biggest flop of the 1980s was "Inchon," the 1982 Korean War epic produced by the Unification Church, which cost $46 million but grossed less than $2 million at the box office, according to Baseline, a Los Angeles entertainment research film. The second-ranking bomb was "The Adventures of Baron Munchausen," which cost $52 million and grossed $9 million. Others grossing only fractions of their costs included "Ishtar," "Heaven's Gate," "The Cotton Club" and "Pirates," the Roman Polanski film that cost $31 million and grossed $700,000. Ancillary revenues from video, television and cable sales, however, can sometimes help a turkey show a profit.

Notes About People

"You need two assets for this job," **Richard J. Condon**, 54, recently named New York's police commissioner, told The New York Times. "An ability to absorb information, and an ability to forget it."

John Buckley, 32, spokesman for the National Republican Congressional Committee and nephew of William F. Buckley Jr., the political commentator, is leaving to go into public relations.

Arthur Higbee

Ivory Coast Accords Honors to De Klerk

By Christopher S. Wren
New York Times Service

YAMOUSSOUKRO, Ivory Coast — South Africa's drive to win greater acceptance from its neighbors in Africa took President Frederik W. de Klerk to Ivory Coast over the weekend on his first trip abroad as head of state.

The South African leader was accorded the full ceremonial honors of a state visit, including a red carpet and a 21-gun salute, by President Félix Houphouët-Boigny, who maintains a palatial residence in his native town, Yamoussoukro, 210 kilometers (130 miles) northwest of Abidjan.

It was the first time in recent memory that a South African president had been received in a black African nation with the full diplomatic protocol given a visiting head of state. Two previous presidents, John Vorster and Pieter W. Botha, visited Ivory Coast, in 1974 and 1988, but without such pomp and circumstance.

Mr. Houphouët-Boigny, 84, appeared at the airport to greet Mr. de Klerk, even though he was ailing with malaria, Ivory Coast officials said.

Since July, Mr. de Klerk has traveled to Mozambique, Zaire and Zambia, first as leader of the governing National Party and then as acting president. But these day trips were treated as working visits.

Among African countries, only Malawi maintains diplomatic relations with South Africa. Mozambique, Zimbabwe, Lesotho and Swaziland have exchanged trade missions with the Pretoria government, and these offices function informally as diplomatic offices.

South Africa has representatives working in 19 African countries, but most of them maintain a low profile.

Mr. de Klerk did not dispel speculation that his welcome presaged eventual relations between South Africa and Ivory Coast. The extent of their cooperation now is that South African Airways flights have landing rights in Abidjan.

"I do not think it is a dream," Mr. de Klerk said in Yamoussoukro before returning to Johannesburg on Saturday. "I think it can become a reality.

"But," he added, "I do not want to bind the government of President Houphouët-Boigny, and I do not want to make predictions."

South Africa's agreement to grant Namibia independence has somewhat changed its outcast status on the continent. Pretoria's hope is that as Mr. de Klerk's policy of evolutionary movement away from apartheid breaks down barriers in black Africa, Ivory Coast might lead governments in opening diplomatic relations.

Mr. de Klerk arrived in Yamoussoukro with a mixed agenda of diplomatic concerns and promises of direct assistance.

He told reporters that he and Mr. Houphouët-Boigny had talked about the continuing hostilities in Mozambique and Angola.

The Ivorian president has been one of the African leaders trying to bring an end to the fighting between the Angolan government and the guerrillas of the National Union for the Total Independence of Angola, known as UNITA.

Mr. Houphouët-Boigny, an early supporter of UNITA during its struggle against Portuguese colonial rule, is expected to meet with the head of UNITA, Jonas Savimbi, early next week. He is likely to press the guerrilla leader to accept a truce with the Marxist-oriented government in Luanda.

Mr. de Klerk said Mr. Houphouët-Boigny had expressed interest in the changes under way in South Africa.

He also confirmed, in response to a question, that the Ivorian had asked about the release of Nelson Mandela, the African National Congress leader. Mr. de Klerk said Mr. Mandela would be freed sometime but was not more specific.

"Part of Houphouët-Boigny's wisdom is not to try to interfere with the internal affairs of South Africa," Mr. de Klerk said. "He was in no way prescriptive. My overall impression was that he accepts we have a very complicated situation in South Africa and that he accepts that the people in South Africa will find their own solution."

Paris May Seek Pretoria's Help In the Comoros

Reuters

MORONI, Comoros — France says it is concerned at the role of a mercenary group that has in effect taken control of the Comoros Islands, and diplomats say Paris may cooperate with South Africa to persuade the mercenaries to leave the country.

The mercenaries, who head a 500-strong presidential guard, have been linked with the assassination a week ago of President Ahmad Abdallah Abderemane of Comoros.

The French Foreign Ministry said Saturday that it was very concerned that "an armed group is playing a role that is incompatible with the normal functioning of the state," and added that it would not tolerate the Comorian population being deprived of its legitimate rights.

Diplomats in Moroni said Paris and Pretoria might offer a mercenary leader, Bob Denard, a large sum of money and asylum in another country to persuade him to leave the former French colony with his 20 European mercenaries.

Mr. Denard has denied involvement in the assassination. He said that "we are soldiers, not assassins — even if there's a tendency to confuse the two jobs."

A Cheap Plan to Get Serious Plays on Broadway

By Mervin Rothstein
New York Times Service

NEW YORK — Producers, theater owners and unions are discussing a plan to cut costs and prices so that some serious plays will have a better chance to succeed on Broadway.

Under the plan, each of the three major Broadway theater owners — the Shubert and Nederlander organizations and Jujamcyn Theaters — would designate one of its theaters as a venue where royalties, many salaries and general production costs would be cut by an average of at least 25 percent.

In return for the savings on labor, the maximum ticket price at those theaters would be $24. Top prices for most nonmusical plays on Broadway are now about $40.

Many dramas have not fared well on Broadway in recent years, and producers say they believe that high costs and ticket prices are a major factor.

In addition, the plan is an attempt to make Broadway more competitive with Off Broadway, where many of the serious plays have been done in recent years and where the top price is about $30.

Harvey Sabinson, executive director of the League of American Theaters and Producers, the Broadway trade group, and Rocco Landesman, president of Jujamcyn Theaters, emphasized that there was a long way to go before any final agreement would be reached.

"Everybody's willing to make sacrifices," Mr. Landesman said, "but everyone wants to make sure his sacrifice is equal to other people's sacrifices."

He said the talks had been going on intermittently for a year between the league and the various Broadway craft guilds and unions.

The industry committee dealing with the issue is headed by Alan Eisenberg, the executive secretary of Actors' Equity Association. He said, "I don't think we're there yet." But he said he was "encouraged by the idea."

The theaters to be used are among those previously designated "endangered" for reasons that include their sites on the periphery of the Broadway district and second balconies that are difficult to fill at high ticket prices.

Mr. Landesman said that to reduce both production and operating costs, across-the-board cuts in salaries or manpower would be made that would involve actors, general managers, directors, stagehands and other employees.

Authors' and producers' royalties would be reduced, and there would also be changes in work rules. Some cuts might be slightly less than the average of 25 percent, and some might be considerably more, Mr. Landesman said.

Alvin Ailey, Who Played Key Role In Black Modern Dance, Dies at 58

By Jennifer Dunning
New York Times Service

NEW YORK — Alvin Ailey, who rose from a childhood of extreme poverty in the segregated world of small-town Texas to become a leading figure in the modern dance world, has died after a long illness. He was 58.

His death on Friday was attributed to terminal blood dyscrasia, a rare disorder that affects the bone marrow and red blood cells.

As a choreographer, dancer and director, Mr. Ailey also played an important role in establishing black modern dance. He became a noted Broadway performer and, starting in the late 1950s, a choreographer whose work explored a wide range of the black experience.

The Alvin Ailey American Dance Theater, which he founded in 1958, became the most popular company on the international circuit. At home and abroad, it was known for its vibrant artistry and repertory, and for Mr. Ailey's humanist vision.

Seeing it as fulfilling a need for a company that would perform modern classics along with his own works, Mr. Ailey presented signature pieces, otherwise infrequently performed, by such pioneers as Katherine Dunham, Pearl Primus and Ted Shawn.

The company was a repository for contemporary modern dance by black choreographers like Talley Beatty, Donald McKayle and George Faison. And Mr. Ailey invited younger modernists, including Bill T. Jones and Arnie Zane, Elisa Monte and Ulysses Dove, to create dances for the company.

But Mr. Ailey's own dances form the core of the company's repertory. They range from work based on his memories of the churches and honky-tonk bars he knew as a child to searing social protest dances to stylish celebrations of the music of Duke Ellington.

An imposing, shy bear of a man, Mr. Ailey could display extreme reserve as well as sudden bursts of exuberance and deep affection for longtime colleagues.

He spoke often of his belief in the universality of art, sometimes citing his "Revelations" as an example. That 1960 work, which became his most popular piece and a classic of modern American dance, celebrated black spirituals, gospel music and small-town religion.

Mr. Ailey, who stopped performing in 1965, drew upon classical ballet, jazz dance, Afro-Caribbean dance and the modern idioms of Lester Horton and Martha Graham. The Ailey troupe was known for its theatricality in performance and repertory.

The company was composed exclusively of black dancers until 1963, and Mr. Ailey was criticized in an era of black militancy for his subsequent decision to integrate his troupe.

"I feel an obligation to use black dancers because there must be more opportunities for them, but not because I'm a black choreographer talking to black people," he said in 1973.

"I met some incredible dancers of other colors who could cut the work," he added. "Also, we were running into reverse racism. On our Asian tour in 1962, people kept saying about my pieces and Talley Beatty's piece, 'Oh, they're wonderful, but only black people can do jazz.'

"I don't think black dancers should be limited that way. There's

AP

Alvin Ailey

a well-known choreographer who says black people in 'Swan Lake' are historically inaccurate. Well, then white people and Orientals in 'Revelations' are historically inaccurate — but it works anyway.

"It's like saying only French people should do Racine or Molière. Black people are not historically inaccurate, but we have been historically ignored."

Ahmadou Ahidjo, 65, Ex-Cameroon President

DAKAR, Senegal (AP) — Ahmadou Ahidjo, a five-term former president of Cameroon, has died of a heart attack in the Senegalese capital, where he had lived in self-imposed exile since 1983, his doctor said.

Mr. Ahidjo, who ruled the West African state from independence in 1960 until he stepped down voluntarily in 1982, returned to Dakar Nov. 9 after being hospitalized in Paris for high blood pressure. He died late Thursday.

Mr. Ahidjo was elected to a fifth straight term in April 1980, but two in November 1982 unexpectedly announced his retirement and turned the office over to his longtime associate, Paul Biya.

Mr. Ahidjo stayed on as head of the Cameroon National Union, the country's only political party, effectively creating a sort of dual leadership that Mr. Biya found stifling. In February 1984, a military tribunal condemned Mr. Ahidjo to death in absentia; Mr. Bija commuted that to life imprisonment.

Range Blast Kills 12 in Brussels

Reuters

BRUSSELS — Twelve persons were killed and three were seriously injured when ammunition exploded in the cellar of an indoor shooting range on Sunday, police and fire officials said.

The 12, including the range's owner and his wife, were killed as the blast sent a sheet of flame into the air just before noon.

"It was ammunition that exploded," said a fireman, who added that the range was completely destroyed. "They were killed by the blast."

Jean-Louis Thijs, mayor of the district of Jette, where the club was situated, said: "It is a terrible drama, but we have yet to find the cause. But we can absolutely rule out criminal activity."

It was not known what had caused the blast, but Belgian radio and the national news agency Belga said it might have been caused by a ricochet from a gun.

The minister of the interior, Louis Tobback, said at the scene that rules for the running of shooting clubs might be re-examined after the disaster.

About 40 people were in the club when the ammunition exploded, the news agency said. Two or three persons were slightly injured.

Neighbors said that they saw people running from the building, but that they had heard no explosion from the range. Stunned relatives gathered in the streets before being led away by firemen and the police.

The private range, Club 109, was used by area policemen to train and had between 200 and 300 members overall.

The owner, Paul Mertens, 39, and his wife were killed in the blast, and their two children were among those seriously injured.

800 Protesters Arrested in Bhopal On 5th Anniversary of Toxic Leak

The Associated Press

BHOPAL, India — The police arrested about 800 protesters on Sunday who tried to enter the Union Carbide Corp. plant that was the source of a gas leak that killed 3,400 people in 1984.

Sunday was the fifth anniversary of the industrial accident, in which an additional 20,000 people were injured.

Before marching toward the plant, the protesters burned two 10-foot (3-meter) effigies of the former chairman of the U.S.-based multinational company.

"Down with Union Carbide!" the crowd shouted, as hundreds of policemen armed with riot sticks watched from behind steel barricades at the pesticide plant's main gate. The policemen prevented the protesters from entering the factory, which was closed soon after the accident.

A senior police officer, V.C. David, said about 600 men and 200 women had been arrested and taken in buses to a temporary jail in a sports stadium. He said that the arrests were precautionary and that the demonstrators were to be released later in the day.

Such detentions, legal under Indian law, are commonly used to break up protests.

"We just wanted to show our protest and anger against the government and the company," said Balkrishna Gupta, the Bhopal city secretary of the Communist Party of India, which organized the rally.

He said all the demonstrators lived in shantytowns around the plant.

The effigies of the former chairman, made of bamboo, straw and rags, were set on fire by a 60-year-old woman, Birju Bai, whose husband and four children were killed by the gas.

On Saturday night, protesters burned effigies of the former executive, Warren M. Anderson, in about a dozen neighborhoods. Others prayed in churches, mosques and temples for the victims.

On Sunday morning, the state government of Madhya Pradesh organized prayers.

The state chief minister, Motil Lal Vora, said in a message, "The gas victims are still struggling for life, sustaining their endurance, fortitude, indomitable courage and firm determination."

Mr. Gupta demanded that the government distribute the $470 million that Union Carbide gave to the Indian government in April in "full and final compensation" for the accident. The right of the government to agree to the settlement has been challenged in court, delaying disbursement of most of the money to victims.

The Indian government has spent millions on relief and rehabilitation, but survivors say the measures are inadequate. The government originally sued Union Carbide for $3 billion.

Relief workers say victims continue to die at a rate of at least one a day. Most are unable to do sustained physical work, and their eyes and lungs have weakened.

A team of doctors that surveyed the areas around Union Carbide said last week that 70 percent of the people who inhaled the gas, methyl isocyanate, still suffered from severe respiratory disorders, chronic eye diseases, menstrual problems and neurological disorders.

10 Die in Fighting in Natal

Reuters

JOHANNESBURG — The police reported Sunday that at least 10 people were killed in violent incidents on Saturday in Natal Province, where an eruption of fighting between rival black movements has left about 50 people dead in the last week.

Natal Bus Plunge Kills 20

Reuters

JOHANNESBURG — Twenty people died and 21 were injured when a bus collided with a truck and plunged into a river in Natal Province on Friday, the South African police said.

In most of New York's hotel rooms you can't even turn around.

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ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE

Trade With Japan

Trade / Spending the Surplus

Export Growth Outpaced by Investments

For eight months in a row, Japan's trade surplus has been lower than the previous year, allowing the country to better defend itself against critics of its trade policy. Its massive and often spectacular direct investments overseas, however, are now being met with similar apprehension. The direct investment debate highlights a potentially delicate trade-off: Will the advantages of a less-exclusively export-oriented Japanese economy be offset by the perils of a too-strongly investment-oriented one?

The Japanese Ministry of International Trade and Industry (MITI) announced that October's trade surplus shrank by 39.4 percent over the previous year, one of the largest drops ever. MITI also estimated that this year's overall surplus will be down to $84 billion from $95 billion in 1988. Whether such progress appeases the U.S. and Europe, whose respective deficits with Japan were $47.6 billion and $19.4 billion, remains to be seen, but one thing is sure: Japan is making at least some of the structural changes necessary to correct its overall trade imbalance.

One of those changes has been the move to direct investment overseas, which offers an alternative to traditional exports and tends to foster growth. Says Toshihisa Nagasaka, director of the international economic affairs division of the economic information department of the Japan External Trade Organization (JETRO): "It has become a built-in mechanism for growth of the world economy."

The rapid growth of the Newly Industrialized Countries (NICs), for example, has been partially attributed to the direct investment by manufacturers — among them the Japanese — who initially sought cheap labor there. The Japanese started investing seriously in Asia in 1970, and between 1971 and 1980 the cumulative total reached $9.1 billion, in comparison with the $8.9 billion they invested in North America during the same period. Most investments were in textiles, electric components and the chemical and steel industries. Components were shipped to these plants, and the products were then assembled and re-exported to a third country in a system called triangular trade.

Since then, the NICs — Hong Kong, Taiwan, Singapore and South Korea — have gone on to post surpluses with many of their trading partners, including the United States. Their expanding economies have allowed them to progress beyond being mere assemblers of Japanese-supplied parts and proxy exporters for Japan of low-end products. Instead, NIC companies are now more likely to manufacture low-cost components that are

Continued on Page 10

Interview / Shoichi Akazawa, Chairman of JETRO

Higher Imports Reflect Policy's Success

Shoichi Akazawa, former vice board chairman of Fujitsu Ltd. and currently chairman of Japan External Trade Organization (JETRO), discussed the outlook for trading with Japan with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview:

You recently stated that Japan was developing "more harmonious" trade relations with the West, a policy that includes promoting imports into Japan. What specifically has been accomplished?

Manufactured imports have risen at a very rapid pace — from $40.1 billion in the first half of 1985 to $51 billion in the first half of 1989, with expectations that manufactured imports will exceed $100 billion by the end of the year. What this reflects is that our trade structure is undergoing major changes. First, the yen has appreciated and Japanese companies, as a result, have incorporated this into their corporate strategies. Secondly, major efforts are being made by the government, including by JETRO through our activities, to increase imports. For instance, we recently organized a four-day visit for 13 business leaders from California through and with the U.S. Commerce Department's Pacific region. They represented small companies and their goal was selling in Japan. What we did was to organize a total of 316 appointments for them in Tokyo and Osaka. As a result, we just heard, they concluded deals for sales worth $480,000 — with a chance that it would go to $2.5 million in a year — for consumer and sporting goods and machinery components. Distributor deals also were signed.

What is your reaction to the U.S. government's Structural Impediments Initiative, aimed at pressuring you to open your markets?

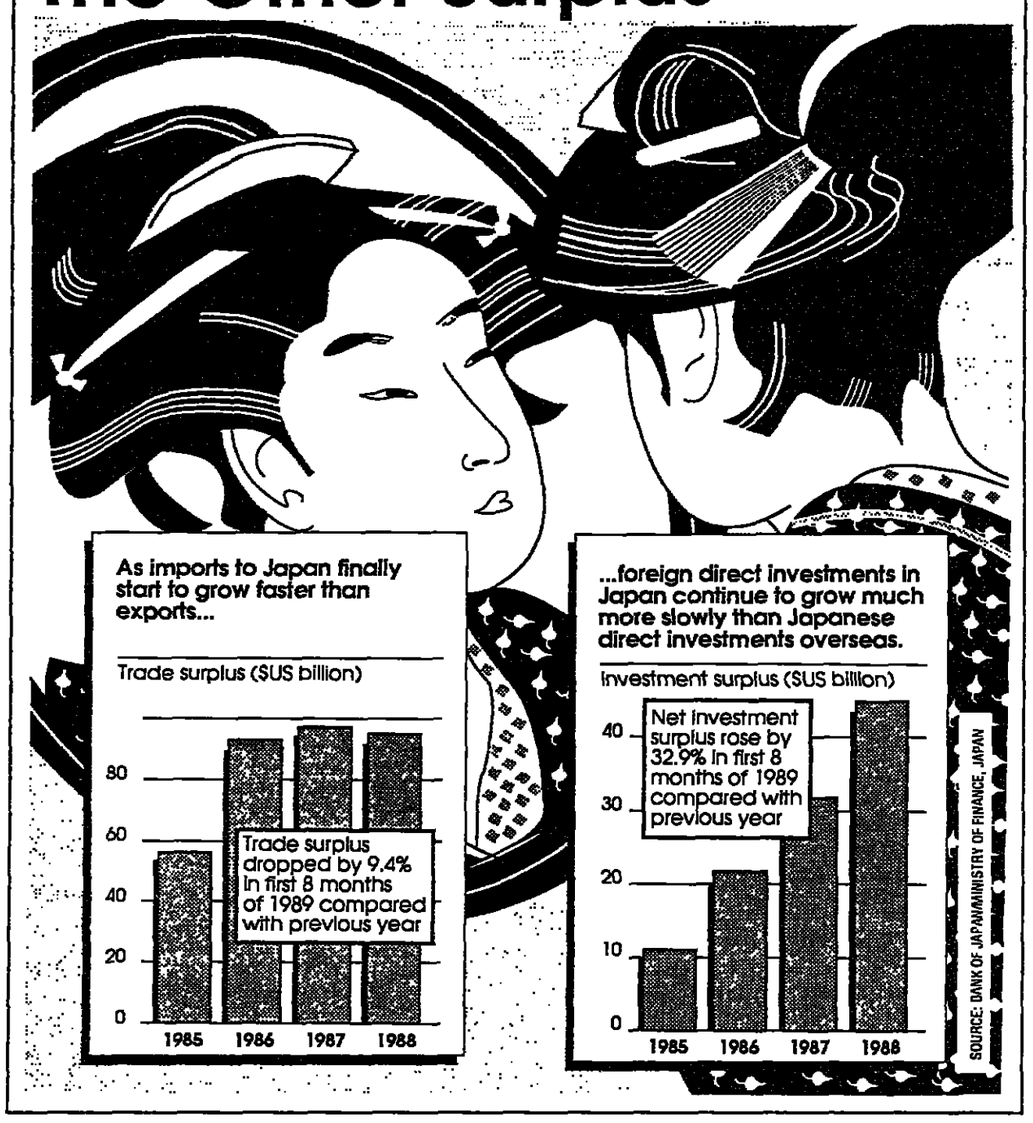
Our government is talking with the U.S. government, and we hope these talks will lead to changes over a longer period of time.

The Bush administration is particularly interested in opening your markets in areas considered closed, such as telecommunications.

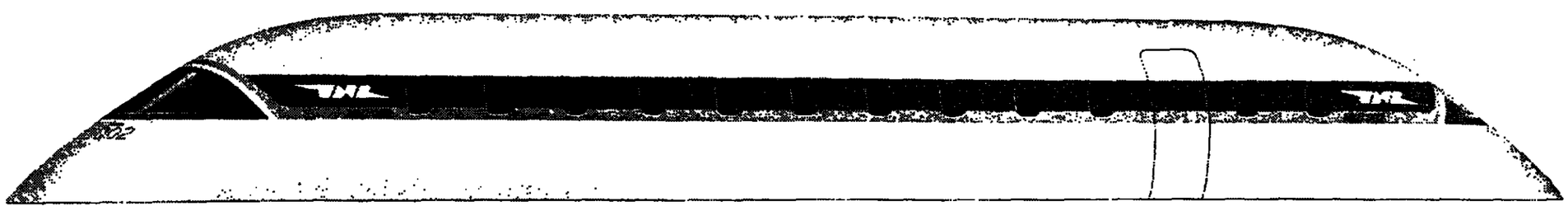
We know, but the U.S. trade account in high technology has consistently been in deficit on a global basis

Continued on Page 11

The Other Surplus



Yes, but what *good* is high tech?



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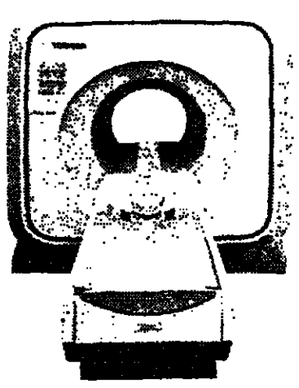

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Banking / Managing Clout

Asset Expansion, But in Selected Sectors

With a national trade surplus running at around $90 billion and a population that saves some 17 percent of its income, Japan's commercial banks and top securities houses command enormous wealth in search of profitable foreign ventures.

Last year the country's citizens and institutions placed $73.9 billion in overseas bonds and equities; direct investments abroad totaled $47 billion. Figures released Friday by JETRO for the first half of fiscal 1989 (April to Sept.) indicate that Japanese direct investment overseas rose by 34.9 percent, to $30.8 billion.

Japanese banks virtually monopolize any top-ten listing based on asset values. In London, Japanese interests handle more than 35 percent of international banking deals, and Japanese securities firms continue to recruit staff when others cut back. Japanese banks in the United States are increasing their share of corporate business, particularly in the profitable middle market, and are buying their way into local institutions. Japanese finance also dominates lending among members of the Association of Southeast Asian Nations (ASEAN).

Yet the country's major financial institutions have not so far mounted the all-out global assault that their mighty clout would seem to permit. Where takeover bids could have been expected, the policy has instead favored minority holdings. A sectoral "boutique" approach has replaced the ambitious concept of a worldwide hypermarket in financial services.

"Prior to Black Monday in 1987 the Japanese securities houses had planned to expand abroad in order to reduce their dependence on domestic broking income," explains Dr. Helen Trougthon, a London-based financial consultant and author of a recent book on Japanese finance. The so-called "Big Four" houses — Nomura, Daiwa, Nikko and Yamaichi — handle more than 40 percent of the home market. "Now they have come to acknowledge that it is extremely difficult to utilize their immense domestic strength in the international markets, and are adopting a more circumspect approach," she adds.

In December last year Nomura Securities closed its U.S. domestic equities operation, and it has cut local staff from 640 to 450. The firm now concentrates on immediately profitable areas such as brokerage in U.S. government securities, and it is placing greater emphasis on niche markets — mergers and acquisitions in particular. This policy is underlined by Nomura's 1988 purchase of a 20 percent share in Wasserstein Perella, a Wall Street M&A specialist.

"Securities firms in Japan acknowledge London as the one truly international market insofar as it deals with substantial numbers of foreign investors and investments," Dr. Troughton suggests. Reflecting this point of view, Tokai Bank established its European regional headquarters in London in March 1988, headed by Kuzuaki Ohmori. The London office will direct the bank's operations not only in Europe but also in the Middle East and Africa.

Yet the United States remains a favorite among Japanese institutions. "We have always considered the U.S. the safest market in terms of political stability," remarks Kazuhiro Tsuno of Yamaichi France, a 100 percent subsidiary of Yamaichi Securities in Tokyo. "Moreover, because of its size there are no liquidity problems, whereas European markets remain relatively small and fragmented," he adds.

Japanese regulations modeled in part on U.S. legislation draw a sharp distinction between banking business and securities dealing, and generally forbid organizations carrying out either of these activities to engage in the other. Banks are continuing to expand abroad, particularly in East Asia.

At the same time, fears of a "Fortress Europe" remain a major factor. In particular, bankers are worried that their activities may be curbed by reciprocity clauses in EC directives, and in response many are seeking European stock market listings. In January 1989 Sumitomo acquired its London listing, thus becoming the last of the "Big Five" Japanese banks to do so.

On the other hand, there is scant enthusiasm for the idea of extending branch networks in the already heavily banked European retail sector. "There are no Japanese banks that intend to do retail business in Europe," claims Atsushige Takahshi, managing director of Taiyo Kobe Bank in London. His organization regards its banking license in Luxembourg as a money-making passport to the EC, and would like to invest in an EC banking institution with a view to cooperating in Europe and Japan.

In addition to Europe, the United States has been a particular target of Japanese banking appetites. In September, Dai-ichi Kangyo Bank bought the financial services unit of Manufacturers Hanover Trust Company, together with 4.9 percent of the company's common stock. The total price came to $1.4 billion. At about the same time, Daiwa Bank acquired the U.S. operations of the London-based Lloyds Bank at a cost of $1.6 billion.

Michael Rowe

Yen to dollars: Japanese banks control about 14% of U.S. banking assets.

Trade / Spending the Surplus

Export Growth Outpaced

Continued from Page 9

exported to Japan or sold to Japanese-owned factories in the region.

The economies of East and Southeast Asia are in some ways becoming more integrated. According to Richard Ko, an economist at the Nomura Research Institute: "The integration of the Asian economy has started, but from a low point. For 40 years these countries looked toward the U.S. as their main export market, but after the G5 Plaza Accord, they started to look to the Japanese market as well." As wage levels in the NICs increased, some Japanese companies decided to upgrade their products at these plants to mid-priced ones and shift their production of low-end items to Thailand, Indonesia, the Philippines and Malaysia.

Trade patterns, however, have become far more than triangular. Mitsubishi Motors, for example, produces cars in Thailand that are shipped to Canada. Though the chassis are made in Thailand, the doors are made at its Malaysian plant, the transmissions in the Philippines, the aluminum wheels in Australia and the engines in Japan. The finished product is then sold through Chrysler's network of Canadian dealers.

The 1985 G5 Plaza Accord, at which the five leading industrialized countries agreed to let the Japanese and European currencies appreciate against the U.S. dollar, marked a turning point in Japanese trade and investment. Its trade surplus jumped in one year from $56 billion to $92.8 billion, but, just as importantly, dollar-denominated investments became more attractive to the Japanese, since the dollar dropped from 239 yen in 1985 to 124 yen in mid-1988. Even though the dollar has since bounced back to 143 yen, American holdings continue to attract Japanese money, particularly since trade surpluses three years in a row of over $90 billion have made so much money available for investment. Total direct investments in North America rose from $5.5 billion in fiscal year 1985 (ending March 1986) to $22.3 billion in fiscal year 1988. And North America's share of Japanese direct overseas investments rose from 45.1 percent to 47.4 percent in the same period.

> Exports were up by 16% in 1988, investments by 41%

Though Japanese companies do not invest overseas just to help reduce the trade surplus, some Japanese economists and government officials are convinced that, in the long term, such moves can help. The auto industry is a case in point. Car exports from Japan account for over one-third of Japan's surplus with America. Eight automakers now have plants in the United States, some planning to export cars in 1990 when total production of the eight should reach 1.6 million units. As a result of these operations, exports of autos from Japan to the U.S. are expected to decline by 4 percent, to $20 billion.

The flip side of the coin, however, is that Japan's competitiveness has adversely affected some local markets. The strict quality control that governs the manufacturing of Japanese cars may have encouraged Americans and other nationalities who play host to Japan's offshore facilities to do the same, but the fact remains that, to cite but one example, General Motors Corp. recently announced that it will close an assembly plant in Georgia next year. That this will be the eighth such American plant to close and that there are eight Japanese plants in the United States has not gone unnoticed. JETRO's Mr. Nagasaka readily admits that "1990 will be a difficult year for us because we will experience both trade and investment friction."

A second drawback to direct investments is that it can trigger increased imports — from Japan or elsewhere — if capital goods (machinery, raw materials and components) are needed to build plants in the host country. In 1988, Japan exported a total of $259.8 billion, a 15.7 percent increase over the $224.6 billion recorded in 1987. According to officials at the Bank of Japan, capital goods represented 53.1 percent of exports in 1988, the balance being made up of durable and non-durable consumer goods. In the first three quarters of 1989, the share of capital goods has already increased to 53.8 percent. Bank of Japan officials say that this initial import-boosting effect of direct investments is normally reversed once operations at the plants are started.

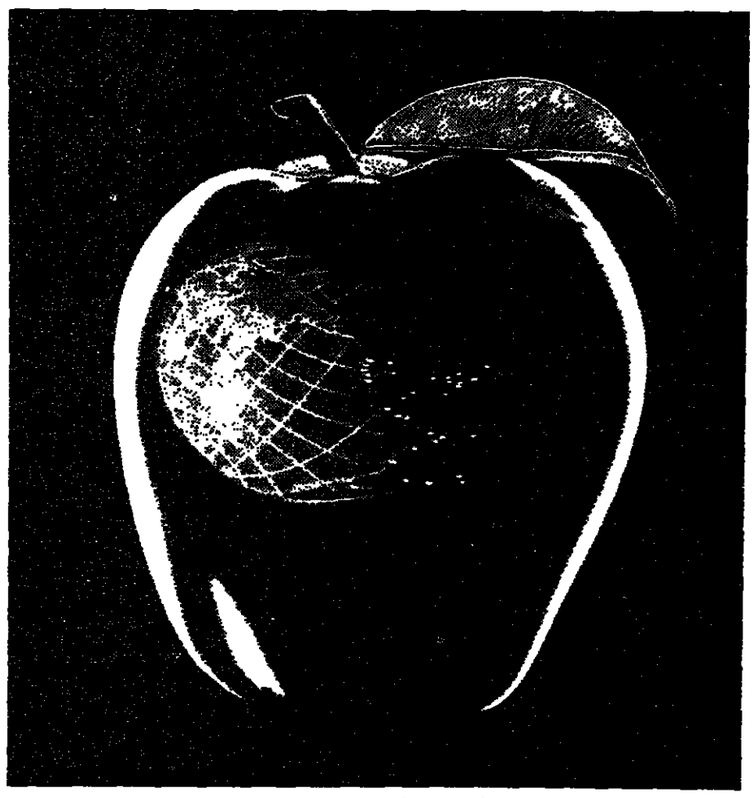
The advance of Japanese firms into various overseas markets may also reflect the declining attractiveness of similar assets at home. "The rate of return on investments in Japan is obviously lower since the costs are so much higher. For the same amount of money, more can be achieved abroad," says Nomura's Mr. Ko.

A final consequence of the G5 Plaza Accord is that more and more Japanese firms, some for the first time in their history, are looking to sell to consumers in their home market. Last year's 28.5 percent increase in imports — from $128.2 billion to $164.8 billion — reflects not only the country's acquiescence to external pressure to open up its markets to foreign goods, but also growing domestic demand. According to Japan's Economic Planning Agency, annual growth in domestic demand has risen steadily from 2.1 percent in 1983 to 6.8 percent in 1988 and has outstripped real GNP growth for the past three years. Nomura's Mr. Ko. says: "More deregulation over a five- to ten-year period would allow domestic demand to increase. If Japan keeps its current structure, however, it could create some distortions in the economy."

Akira Kohno, a former economist at Daiwa Securities and now a professor of economics at Sophia University, says: "There are still many restrictive policies in Japan; one of the greatest obstacles for foreigners here is the control that the *zaibatsu* — the huge conglomerates — have over the market. These companies still trade substantial amounts of stock between themselves, and their cross shareholdings make it very difficult for foreigners to penetrate the Japanese markets. The ties between these groups, however, may loosen as they go global."

Professor Kohno adds that there are restrictive practices that are heavily influenced by special interest groups in most sectors of Japanese business, particularly in the construction industry. There are some 510,000 construction firms in Japan, which the government classifies according to size, financial strength and previous experience. It then allocates public work contracts to each category of builder. U.S. Trade Representitive Carla Hills, during a mid-November visit to Japan, demanded more access for American firms to the $300-billion-a-year Japanese construction market. She also released a report stating that the Japanese engage in collusive bidding. In reaction to Ms. Hill's report, the Japan Federation of Construction Workers claimed that U.S. firms have moved into the Japanese construction market with ease and that Japanese companies have been making efforts to prevent the system known as *dango*, or bid rigging, from occurring.

Sheila Phalon



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Europe / Both Exports and Deficit Rising

Investment Threshold: How Big a Welcome?

"Tries hard, but must do better" would perhaps be an appropriate end-of-term report on Europe's exports to Japan. The EC boosted sales to Japan by 27 percent between 1987 and 1988, while Japanese exports to Europe rose only 19.4 percent.

That is the good news for Europe. The bad news is that its deficit widened by 14.8 percent, to just over $30 billion. Moreover, the EC is losing ground in Japan, having lost 3.7 percent of its market share and 4.8 percent of its price competitiveness between 1982 and 1988.

Europe's trade deficit with Japan has been around for years and — as in the United States — has triggered a plethora of measures to rectify the imbalance. Import quotas, anti-dumping suits and local content rules to ensure that a given proportion of manufactured goods is made in the consuming country have become familiar weapons in the armory.

None of this has deterred Japan. Instead of just selling goods and services in Europe, companies are now producing them on the spot as well, pouring in yen to set up their own industrial plants and financial and other service operations.

Even though much Japanese direct investment still goes to the United States, much more capital is now finding its way to Europe. "At first the Japanese wanted to diversify into another market, but the prospect of the single European market in 1992 is now probably the most important driving force," says Paul J. Horne, international economist with Smith, Barney, Harris, Upham & Co. Ltd. in Paris. Adding to Europe's attraction is the vast commercial potential emerging in Eastern Europe.

"The main reasons for increasing Japanese investment are companies' desire to globalize their activities and to produce their goods close to consumption centers wherever possible," says Takehito Nishiyama, Japan's ambassador to the EC. According to the Japanese Ministry of Trade and Industry, direct investments in Europe — the community plus several other nations — rose 38.4 percent year-on-year to $9.1 billion in fiscal 1988 (April 1988-March 1989). This compared with a 45.3 percent increase, to $22.3 billion, for North America, and was dominated by the banking, insurance, manufacturing and real estate sectors, MITI says. Of the 12 members of the EC, the United Kingdom still outpaced the others in absolute numbers, but the Netherlands scored the biggest increase, from $829 million in the 1987 fiscal year to $2.4 billion in 1988-89.

Cash is expected to pour into southern Europe, especially the Iberian peninsula. A forecast published last April by Japan's leading securities house, Nomura, highlighted Spain and Portugal as favorite destinations over the next decade because of their low labor costs and high intrinsic growth rate.

Despite the recent advance, Europe still ranked only fourth for cumulative Japanese investments since 1950, after North America, Asia and Latin America. Nonetheless, a danger now is that the growing Japanese presence in Europe will replace trade as the main source of friction between the partners. "All countries are out to attract investment, but as it accumulates, the authorities could adopt a different attitude," comments a Japanese source in London, who asked to remain anonymous. "The British government backed Nissan in keeping U.K.-produced Bluebird cars outside the French quota on Japanese auto imports, but other countries might not take the same line if similar cases arise," the source adds.

Not everyone shares that view. "I do not believe there will be any investment friction," Mr. Nishiyama says, adding: "I feel Japanese investments are welcome in Europe and will enhance the region's prosperity through job creation and the transfer of our technology and know-how."

The relatively limited scale of the phenomenon is another factor. "Europe accounts for only 19 percent of Japanese investment abroad, compared with 46 percent for the United States," Mr. Nishiyama says. "If we take manufacturing alone, Japanese investments in Europe are only one-tenth of those in the United States." But future trends depend partly on Europe's attitudes, he feels, adding: "If anti-dumping, rules of origin and local content difficulties continue, Japanese corporations could become hesitant about investing in Europe."

Philippe Lasserre, associate professor at the Euro Asia Center of the INSEAD business school in Fontainebleau, France, takes a different line. "The friction will be sectorial, and with medium-sized companies," he says, adding that smaller firms will be up against competition from Japanese suppliers who set up manufacturing operations in Europe to get around local content restrictions. "The big challenge for Japanese enterprises will be to adapt their management practices to multinational operations as they establish themselves in more countries," he adds.

The issue of European automotive imports is one of the touchiest, as consumer demand for Japanese-built vehicles shows no sign of abating. Japan and other Asian countries are in the frontline as Europe struggles to satisfy the demands of protected markets like France and Italy and those of nations with a traditionally open-door policy like the United Kingdom. The controversial idea of a Europe-wide auto import quota has been bounced around for some time, but has not gone very far. The commission has not not yet found a way of reconciling the differences, but hopes to make up its mind on a solution by the end of the year, according to Nico Wegter, spokesman for EC External Affairs Commissioner Frans Andriessen.

Another sensitive sector is electronics. "Consumer electronics are less of a problem now, as nearly all the manufacturers are now Japanese," the London source says. Another focus now is computers and semi-conductors, he points out. For him, a major hitch in Japan-Europe relations is that they are almost exclusively confined to economic issues. "If the relationship were broader, I am sure we would reach a compromise more easily in disputes over trade and other economic issues," he declares.

Moves in that direction are being made. A statement published after a recent high-level meeting between European and Japanese officials in Brussels noted that the relationship was widening. A nuclear fusion agreement between the EC and Japan was signed earlier this year, cooperation on nuclear safeguards and environmental research was being discussed, and talks on energy, development assistance, competition policy, certification and other environmental issues would be held in 1990, the statement said.

Barbara Casassus

O.G. CIUFO

In late November, Nippon Life agreed to buy a 32.7 percent stake in Forum des Halles in central Paris for about 500 million francs ($80.8 million).

Interview / Shoichi Akazawa, JETRO

Increased Imports

Continued from Page 9

since 1980 — and we want to emphasize that this is not only with Japan, but represents a global deficit. Telecommunications and electronics are among the deficit areas, despite U.S. currency realignments and depreciation of the dollar since 1988.

What is your reaction to complaints that selling in Japan is difficult or impossible because of your "system"?

My very frank view is that our market has its unique and special features. For instance, the Europeans often ask why some products they sell in the United States don't sell here in Japan. Our answer is: How long did it take them to learn to sell in the U.S. market? Please keep in mind that selling in Japan depends on more than just price. Good design matters. In other words, the U.S. and European markets are similar. Japan is different. Income disparity is less pronounced in Japan than in the United States and Europe. Our society is far more homogeneous.

What is your advice to those seeking access to your market?

First, I would tell them to undertake thorough research, and then to be ready to take their time. The Japanese tend to look at things over the long term. One needs time to foster mutual confidence and reliability, particularly with regard to importers.

Japan's trade surplus last year was $95 billion. What is the current outlook?

It will be substantially less. This is based on a very substantial drop in the surplus during the first half, which has continued.

In light of EC-1992, do you see Europe emerging as a new global competitor?

In some ways, yes. In the past, we were struck by a mood characterized as Europessimism. In the past several years, this has changed. We now see momentum toward economic integration, marked by optimism, and we expect this trend to accelerate.

What is your reaction to American statements that Europe is something of a fortress, and the suggestion by Edith Cresson, France's European Affairs Minister, that Japan placed the idea in American minds?

I have not met Madame Cresson personally, but I do remember when she was in charge of trade that she strongly criticized Japan. I have never expressed fears of a fortress Europe, because such a movement would mean a community without competition, which in turn would mean a return to Europessimism.

But how do you react, for example, to the EC Commission's restricting Japanese car imports through a harmonized quota?

This is a matter now under active discussion. Commissioner and Vice President Martin Bangemann announced that such restrictions would be totally eliminated by 1992. We believe it is necessary for Japanese auto manufacturers to support the views of Dr. Bangemann.

The Commission also wants to negotiate with your government a voluntary restraint agreement applied to Japanese cars instead of imposing an EC-wide quota.

I have no comment on that, because negotiations are under way.

What was your reaction to the recent meeting in Canberra, Australia, of 12 Pacific nations, including the United States, seeking agreement on trade issues?

Shoichi Akazawa, chairman, JETRO.

The meeting showed how difficult it is to form a bloc in Asia. In fact, Asia is not composed of homogeneous economies. The region does not have similar traditions and cultures.

Japan has been relatively silent about events in the Soviet Union. What is the outlook for trade there?

It is true that we do not have a big presence in the Soviet Union, but cooperation on various projects is being discussed, or is on the agenda. None have been consummated.

Are other countries better placed in the Soviet Union?

I believe that European countries, rather than Japan, are closest to the Soviet market, and more familiar with it.

What is Japan's major obstacle in dealing with the Soviets?

The extent to which middle managers, after such a long time under communism, can understand, adopt and adjust to a capitalist system.

Aren't there other, political problems, such as the status of the island north of Japan taken over by the Soviets at the end of World War II?

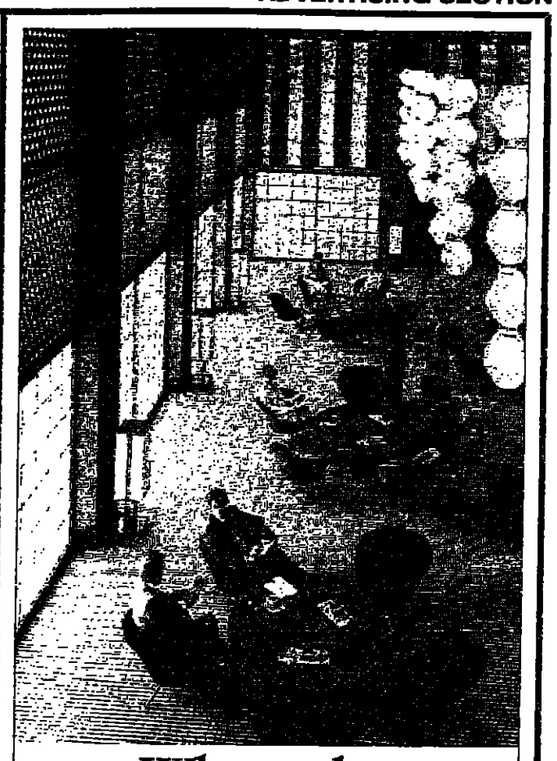
Our problems with the Soviet Union have to do with the economy, security and the islands. Our problems with Europe relate only to the economy and security.

Is JETRO doing anything to help Japanese companies in Eastern Europe or the Soviet Union?

Yes, we have four offices in Eastern Europe and are most interested in possible cooperation with Poland and Hungary. We do not yet have an office in the Soviet Union.

Do Japanese trading groups have offices there?

Yes. The private sector is moving ahead in the Soviet Union. It has its own importance.



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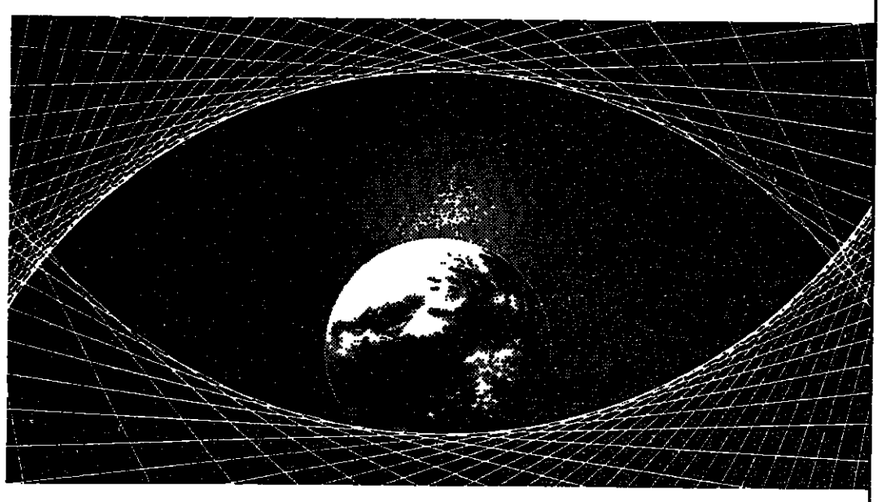

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ADVERTISING SECTION

United States / Marriage of Convenience

A Fast-Growing Stake in The American Economy

Japan's involvement in the U.S. economy is booming – but the close relationship increasingly resembles an arranged marriage in which each partner is wary of the other.

As is common with such a relationship, it has little to do with sentiment: Japan needs the voracious U.S. market to satisfy its export machine, while the United States seeks Japanese money to finance its enormous budget deficit.

Polls show that many Americans

Japan invested $21.7 billion in the U.S. last year

are uneasy with Japan's massive economic presence, and to avoid a backlash some Japanese firms are adopting tactics that will call less attention to their U.S. activities. Some Japanese companies are investing in the United States through American partners or by setting up collaborative production deals with U.S. manufacturers.

Whatever form the activity is taking, the statistics show a rapidly deepening Japanese stake in the American economy. The recent $3.4 billion purchase by Sony of Columbia Pictures and Mitsubishi's $846 million acquisition of 51 percent of the company that owns rights to Rockefeller Center are only the most visible examples.

In 1988, Japanese companies spent $22.3 billion in investments in North America ($21.7 billion of this total in the United States), compared with $15.4 billion in 1987 and $10.4 billion in 1986. According to the U.S. Commerce Department, Japanese firms appear to be investing at the 1988 level again this year.

Last year's investments brought the total number of Japanese-controlled production or assembly facilities in the U.S. to 797, the government-sponsored Japanese Economic Institute of America reported this month. The majority of the companies being acquired or created are small in terms of revenue or employment, but large-scale acquisitions are becoming more numerous.

The New York Federal Reserve Bank estimates that Japanese banks control $370 billion, or 14 percent, of U.S. banking assets, giving the banks a significant amount of clout in America's financial system. This importance was demonstrated by the reputed refusal by certain Japanese banks to lend the funds for the management-labor buyout of UAL Corp. in October. The collapse of the buyout sent New York stock prices plummeting.

Japan is also the leading exporter of goods to the United States – $90 billion worth in 1988 – dominating the consumer electronics sector and providing competition for American manufacturers of everything from cars to semiconductors. While limits have been negotiated on some Japanese exports to the U.S., a wholesale "managed" approach that would dramatically reduce exports is rejected by the Bush administration.

The U.S. government has also generally welcomed Japanese and other foreign investment. Following this lead, state governments are competing fiercely for Japanese companies' business. Dissent has been heard from Congress, which passed legislation last year strengthening the government's ability to block takeovers that would threaten national security. One Japanese purchase of a firm making nuclear weapons components was modified under the bill. In 1987, rumblings from Washington persuaded Fujitsu not to take over an American semiconductor manufacturer.

But these thwarted deals have been the exception. Interaction between corporate Japan and corporate America is becoming commonplace. The joint efforts range from Boeing's link-up with three Japanese aerospace firms to develop a new 300-seat passenger plane to the arrangement between Texas Instruments and Hitachi to design an advanced computer memory chip. Small American start-ups, often on the leading edge of technological development, are seeking Japanese deals because they need Japanese cash to pay for astronomical development costs. Increasingly, U.S. firms also want to benefit from Japanese manufacturing expertise, and each side hopes to improve its position in the other's market.

Japanese companies also have become major sponsors of R&D in the United States. The Japan External Trade Organization lists more than 100 U.S. R&D centers, including a $100 million complex that Fujitsu American broke ground for near Dallas in October. When the facility is completed, American and Japanese engineers will work there on a fiber optic transmission system for the American market. Hitachi is constructing a biotechnology laboratory on the campus of the University of California at Irvine in an effort to tap into campus expertise, while NEC has opened a research institute – which will be staffed completely by Americans – near Princeton University to work on advanced computers.

Who will come out ahead in these collaborative efforts? It is too early to tell, but American companies, aware of how earlier generations of U.S. manufacturers were burned by their habit of giving away technology, are taking pains to limit Japanese access to their most sensitive business secrets. Boeing, for example, does not give Japanese engineers access to the computer software used to test aircraft design.

Similarly, the University of California has set up an arrangement to protect its interests while cooperating with Hitachi. The University will own the patent rights for work done in the Hitachi facility by university personnel, and it will negotiate in the event of collaborative research with the company's employees (the Hitachi facility will have separate workspace for company and university personnel.)

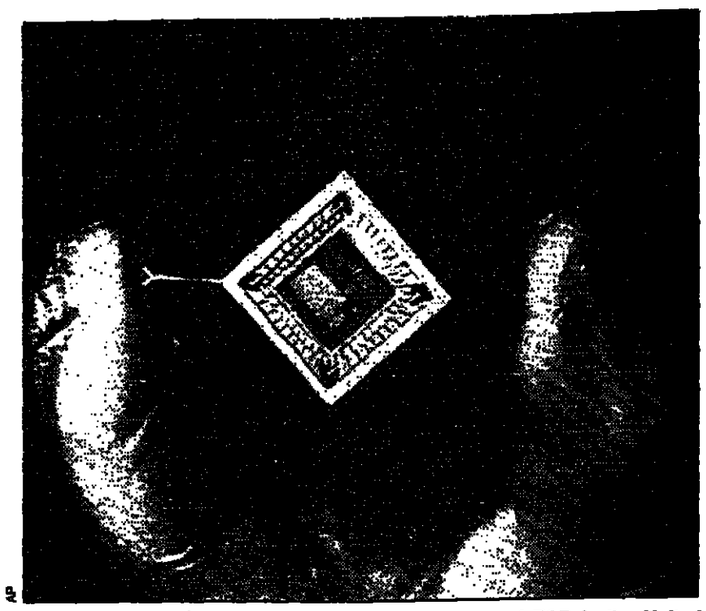
The Japanese sponsorship of R&D is filling a gap left by inadequate (though rising) U.S. corporate backing. Also, according to Robert Cutler, a staff associate with the Washington D.C.-based National Science Foundation, the Japanese companies are "funding brick and mortar," an activity for which the U.S. government has limited money.

Inevitably, some analysts believe, the Japanese will be the biggest winners from their U.S. corporate and research activities, in part because they move quickly to commercialize technological breakthroughs. "While some technology flows from Japan to the United States in support of Japanese subsidiaries, cross-licensing agreements and joint ventures, it seems clear that the Japanese are benefiting more than most American companies from an apparently level playing field for industrial R&D," observes Evan Herbert, a technology management specialist.

Japanese firms with operations in the United States are also becoming significant employers of Americans. Here, the record is mixed. Japanese firms have been the object of several suits charging racial and sexual discrimination in hiring. And American executives employed by Japanese firms believe they have had less opportunity for advancement and have a limited role in decision-making, according to a survey by the University of Michigan and Egon Zehnder International, an executive search firm. The executives' compensation is also less than what they would receive in a comparable job with a U.S. firm.

There is some evidence, though, that Japanese companies are promoting Americans to more senior positions. In addition, surveys of blue collar workers employed by American car manufacturers and Japanese auto companies based in the United States have found that wages were similar, and that non-wage benefits were also comparable. This kind of approach to labor relations was apparently one of the reasons why Nissan defeated a bid by the United Auto Workers to represent employees at its Smyrna, Tennessee plant in July. Currently, about 200,000 Americans work for Japanese firms, and if the level of Japanese investment continues at its present rate, this number could jump to one million by the year 2000, according to George Fifield, who led the research for the Egon Zehnder study.

Steve Dryden



AP

Japanese companies have become major sponsors of R&D in the United States in high-tech fields such as computer chips and fiber optics.

Business Travel / Expanding Facilities

Trade Ascendancy Marked by New Exhibitions

A look at trade fairs and exhibitions to be held in Japan next year, as well as the rapid expansion of facilities and infrastructure to accommodate them, indicates that the country intends to remain a major force in international trade for a long time to come.

In the first quarter of 1990 alone, Japan will host some 73 major trade fairs and shows at which more than 11,000 exhibitors are expected to attract an estimated 4,250,000 people.

Japan to host 73 fairs in the first quarter of 1990 alone

Venues will range from Sapporo in northern Hokkaido to Kumamoto in southern Kyushu, from Kanazawa on the Japan Sea side of the country to the more familiar heavy-population centers on the Pacific side: Tokyo, Yokohama, Nagoya and Osaka-Kobe.

The variety of these fairs reflects the staggering diversity of the international marketplace and provides clues to where the world is heading: books, cameras, computers, food, fashion, shoes, machinery, materials, processes, office equipment, furnishings, underground space development and engineering, homes, recreational vehicles, high-tech, health, toys, optics, office automation, flowers and wines. International businesspeople attending these events anywhere in Japan will generally find first-rate facilities and accommodations.

Among Tokyo's luxury hotel offerings is the Hotel Okura, judged one of the world's top ten hotels and the best hotel in Tokyo, according to a survey conducted by Institutional Investor magazine this year.

The skyline of the Osaka-Kobe area has virtually metamorphosed in the past few years as Japan's perennial Number Two metropolitan center tries harder to become an international hub. New hotels and conference facilities have had a great impact on this transformation, which has been primed by the impending 1990 Osaka Flower Exhibition, the largest event in Japan next year, and the construction of a new international airport offshore. An estimated 20 million people are expected to attend the six-month greenery exhibition, which opens in April. Many of them will have been drawn to the area by more workaday trade fairs and shows, such as the 600,000 who will attend the 19th Osaka International Trade Fair between April 25 and May 1.

Nagoya, which did much to update its international accommodations for this year's Design Expo '89, will host 230,000 at Fine Ceramic Fair '90 in March and 160,000 at the Factory Automation Show '90 in Nagoya in June.

In Tokyo, the newly opened Nippon Convention Center, or Makuhari Messe, near Tokyo Disneyland, adds a whole new dimension to the capital's role in hosting international events, including trade fairs and exhibitions. Along with Sunshine City, Tokyo International Trade Center and others, international visitors have more options than ever.

Makuhari Messe, built on some 1,300 acres (525 hectares) of reclaimed land at a cost of $321,428,571 billion, is 30 minutes from downtown Tokyo, Narita International and Haneda airports. Its exhibition center covers an area about the length of five football fields and the width of three, which is large enough to swallow four Tokyo Dome stadiums.

Right now, the most conveniently located hotels are at nearby Disneyland, but not for long, says Makuhari Messe's general manager, Yosuke Ohta. "In three years, there will be six hotels, including the Prince and New Otani, with more than 3,500 rooms. You'll also see highrises and the headquarters of many businesses here, including Sharp, BMW, Fujitsu and IBM," he says.

Sunshine City Convention Center-Tokyo at Ikebukuro, a major station on Tokyo's main Yamanote loop, is a virtually self-contained complex with Convention Center Tokyo, World Import Mart, the luxurious Prince Hotel and the 60-story Sunshine 60, Tokyo's highest building. Any trade fair or convention is two minutes from the center. In addition to a choice of some 100 restaurants, bars and coffee shops, attractions within the complex include an aquarium and planetarium.

Tokyo International Trade Center (TITC) at Harumi, previously Japan's largest such facility, will continue to be a major player on Japan's trade fair scene. Its seven halls provide nearly 500,000 square feet (46,451 square meters) of exhibition space in a variety of flexible configurations. TITC's proximity to downtown Tokyo hotels is a big reason for its popularity with foreign visitors, and municipal bus service from Tokyo and Shinjuku Stations makes it accessible for Tokyoites.

Today, a large electronic clock above the main entrance to Mitsukoshi's Ginza department store reminds passersby that Japan is hosting an exhibition of Expo proportions next year. It reads: "118 Days to Osaka Flower Exhibition."

Sage Ballard

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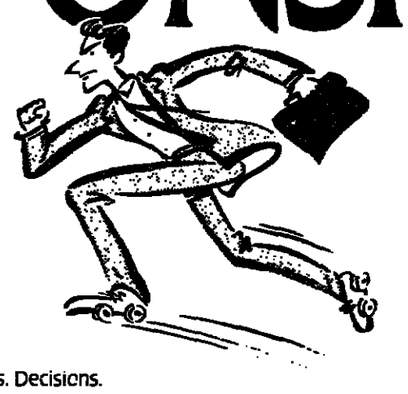

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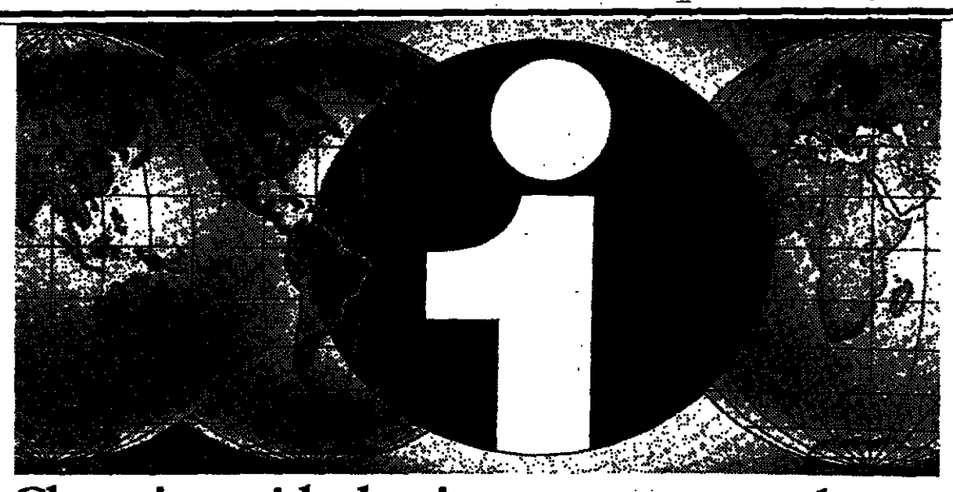

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Robotization / Exporting Technology

Just-In-Time With Small-Lot Automation

Japanese plants are the most automated in the world – 175,000 robots were in use by the end of 1988, compared with 33,600 in the U.S., 7,930 in France and 5,034 in the U.K. – but as the world market for high-tech products becomes more complex, so does the role of the robot.

The buzzword in Japanese factory automation is small-lot automated production, where several models are intermixed on one assembly line. "By definition," says Haruyuki Inami, assistant manager in Honda's public relations department, "our concept of multiple-model production on the same assembly line is the means to manufacture products in volume through combining small lots."

NTN Corp. is investing $28 million in a CIM system

On one line, for example, cars with different colors, trims and accessories can be assembled using robots and other automated tools. "The objective," Mr. Inami continues, "is to achieve production efficiency – that is, cost reduction – through economies of scale."

Not only is money saved directly through automation, but Just-In-Time (JIT) production (the use of engineering to reduce machine setup times so as to make the production of small batches economical) leads to lower inventory expenses due to shortened production time.

Mitsuki Nishi, senior manager of Toshiba's productivity division, gives the rationale for his company's move to small-lot production: the various models in Toshiba's line of laptop computers – which in 1988 accounted for 45 percent of the European market and 25 percent of the U.S. market in units, and 50 percent of the Japanese market in value – share a number of similarities, so that a well-designed manufacturing system can respond quickly to changing patterns in dealer orders. "With the current shift from Japan's high-growth era to one of more stable growth," he says, "consumers' needs are becoming much more diverse and product lifetimes are getting shorter."

As Kenichi Ohmae, management consultant and director of McKinsey & Company's Japan office, relates in "The Mind of the Strategist," microelectronics has accelerated product life cycles through using simpler designs. Such rapid changes make the choice of a manufacturing system even more critical. "If we make the vast investment necessary in automation but choose the wrong system," says Toshiba's Mr. Nishi, "it can lead to a company crisis. Therefore, today's industry has to transform manufacturing from mass-production of limited product lines to small-lot production of a wide range of models."

And what about automating overseas plants? Says Mr. Nishi: "When we think of introducing automation equipment and systems to our overseas facilities, we have to consider the situation in each country very carefully. We first establish our technologies in Japan; then, we gradually transfer them to overseas facilities."

Toshiba opened a new office in London on October 1 this year as an initial step toward integrated European operations. Headed by Takeo Fujii, the Toshiba Europe Office will coordinate 31 Toshiba subsidiaries in Europe, four of which are manufacturing firms – all designed to "realize operations, which are in better harmony with communities and people in the region," according to the company's press release. Toshiba's decisions have apparently been on the money: during the three-year period through fiscal 1988, small-lot automation and more frequent deliveries have resulted in a 30 percent gain in overall manufacturing productivity and a 40 percent reduction in inventory.

How does a company decide between standard, flexible and small-lot automation? Masahide Jimbo, general manager of Sony's factory automation overseas marketing division, says that the key factor is the number of units to be produced per month. "Small-lot refers to monthly production of no more than 10,000 units," Mr. Jimbo explains, "while flexible automation systems without small-lot procedures are used in the range of 10,000 to 30,000 units per month. Above that, standard mass-production automation is employed." This strategy – which allows Sony's Walkmans and other personal audio equipment to be produced increasingly in small batches – underscores the fact that small-lot automation is a market-driven technology.

Mr. Jimbo sees small-lot automation as an "industry-wide, worldwide" trend. "Ten years ago," he recalls, "there wasn't much need for factory automation at Sony. Systems were dedicated to a single product and were designed for large-scale production. Currently, we have additional product categories, such as engineering workstations, telephones and car entertainment systems, all highly automated."

Sony – whose degree of internationalization is underscored by the fact that 62 percent of its fiscal 1988 revenues were derived from export sales – agrees that consideration of local conditions is essential. Tsuneyoshi Kon, general manager of engineering in Sony's factory automation system division, says: "First and foremost, we have to assure that quality standards are met, regardless of where we manufacture."

Sony ran into problems in its color TV plants located in southern California and Mexico due to a high turnover rate of skilled workers – as a result, the company brought in additional automation.

The progression of factory automation is leading to even loftier visions. Computer-Integrated Manufacturing (CIM) is a soup-to-nuts integration of existing factory-automation design and advanced production technologies, with corporate computers, other business activities, and managerial functions. The goal is a company-wide, intelligent system.

While still in its early stages – no complete CIM system yet exists – the technology is being applied by some aggressive Japanese manufacturers. NTN Corp. (formerly NTN Toyo Bearing Co.), a leading bearing manufacturer, expects to set up a CIM system that will connect R&D, production and sales – both in Japan and overseas – within four years. NTN estimates that the system will cost just under $28 million to develop and install.

Toshiba's Mr. Nishi notes: "If we can establish flexible production lines that are able to respond swiftly to market changes and integrate those changes in an effective information processing system like CIM, the potential of our production lines might be doubled."

The situation is similar at Honda. "In terms of CIM," says Mr. Inami, "we will attempt to satisfy customer needs for timing and versatility by establishing large-volume multiple-model production systems. To accomplish this, computer control from the time of sale to the point of delivery is necessary."

Stuart M. Dambrot

Laptop computers at a Toshiba plant.

Southeast Asia / Fueling Growth

Greasing the Wheels of Investment in the Region

Japanese direct investment in Southeast Asia has increased substantially in recent years, and regional experts say it will continue to escalate well into the 1990s. In fact, Southeast Asia's share of Japanese investment funds is rising faster than any other part of the world, according to the Japan External Trade Organization (JETRO).

This investment pipeline is fueling sharp growth in most Southeast Asian economies, nourishing interdependence among the various regional economies and in the process slowly creating an unofficial Asian trading bloc that may some day be as tenacious as those in Europe and North America.

"Strong Japanese investment in Southeast Asia will definitely continue through 1990 and probably beyond that," predicts Dr. Mark Michelson, vice president of Business International, a research and advisory service based in Hong Kong. Mr. Chuji Kikutani, director of the Asia-Oceania division for JETRO's Overseas Research Department in Tokyo, concurs: "As long as there are a high yen and labor shortages in Japan, Japanese companies will continue to invest heavily in Southeast Asia."

One of the most marked trends of the late 1980s is the increasing number of small- and medium-sized Japanese companies that have decided on direct investment overseas. According to JETRO, nearly half of this type of investment has been in Asia.

Original benefactors of the Japanese investment rush were newly industrialized countries such as Singapore and Hong Kong. Increased labor costs and overheads, however, have made them less attractive. As a consequence, the balance of Japanese investment has shifted in the late 1980s to developing nations like Thailand, Indonesia, Malaysia and the Philippines.

For the last three years, Thailand has been the darling of Japanese direct investment. There was little foreign investment in Thailand until 1987, when the Japanese suddenly discovered its untapped industrial potential. Almost overnight there was a four-fold increase in Japanese applications for direct investment projects.

In 1988, Japanese companies – including Sony, Fujitsu, Mitsubishi and Mazda – pumped $3 billion into Thailand, an increase of 217 percent over the previous year. Almost a third of that total was direct investment, which helped fuel 11 percent GDP growth.

However, a report released in October by Merrill Lynch (Singapore) speculates that Thailand's economic star may be fading due to increasing labor costs (the minimum wage for skilled workers was raised last April), skyrocketing property prices and other overheads, and the impending passage of a value-added tax law.

Already, Japanese firms are giving the Philippines and Malaysia more attention. Total foreign investment rose 128 percent in the Philippines and almost 200 percent in Malaysia during the first six months of 1989, compared with the same period last year, with Japan as the primary player – Matsushita and Uniden in the Philippines and Minolta, JVC and Hitachi in Malaysia. Indonesia is also being targeted by Japanese firms, who are using Southeast Asia's most populous nation as a center for the production and testing of consumer goods. Eisai (pharmaceuticals), Asahi Glass and Hitachi are the key Japanese firms established there so far.

Meanwhile, Hong Kong and Singapore – with their highly sophisticated work forces – are now increasingly the focus of new Japanese investment in service and technology-intensive industries.

As more money floods into the region and the Japanese scout for new opportunities, less developed Southeast Asian countries such as Vietnam may also benefit from new direct investment. There is relatively little Japanese investment in Indochina at present, but Japanese firms appear to be on the verge of a major push in this region. Three Japanese trade companies have already set up shop in Vietnam: Nissho-Iwai, Shinwa-Mutsumi and Sanshin Koeki.

The nature of Japanese direct investment is also evolving, from interest in exploitation of raw materials and production of consumer goods for local markets, to the manufacture of finished equipment and components for export outside the host country, much of it back to Japan.

There are manifold reasons for Japan's increased interest in the region. One important spur was a need to recycle Japan's enormous accounts surplus, built up during the 1980s because of the increasingly strong yen. Overall, Japan has a trade surplus with Southeast Asia; Japan's 1988 exports there totaled US$67.1 billion, with imports at US$47.8 billion.

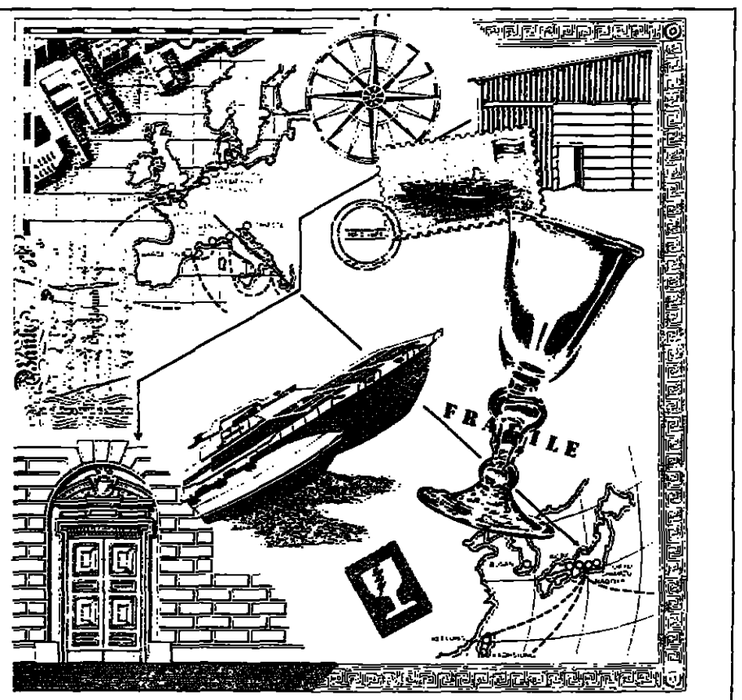
Southeast Asia seems tailor-made for Japanese direct investment. "The manpower is low-cost, skilled and abundant," says JETRO's Mr. Kikutani. "The political conditions in these countries are very steady, and Japanese companies are already familiar with these places."

Southeast Asian governments are now competing against one another for Japanese funds. As a consequence, they have rushed to "grease the wheels" of direct investment with sweeping policy reforms. "Many governments in Southeast Asia are creating good investment conditions, like giving tax breaks to companies that will export items," Mr. Kikutani says.

Despite the rosy outlook, barriers to increased Japanese trade with Southeast Asia remain. Some negative factors are staff localization laws, lack of good local managers, corruption, government red tape, inconsistent economic policies, lack of control over economic management and low quality of available industrial parts.

There is also the dilemma of too much investment, too fast. Thailand is the classic example: it simply can't keep pace with the flood of Japanese funds. In fact, the Thai government recently reduced investment incentives for direct investment in the Bangkok area to head off growing pressure on the capital's infrastructure.

Joseph R. Yogerst



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Briefs / Company Updates

Diversification the Keynote of Japanese Corporations' Strategies

● Shipping company **Nippon Yusen Kabushiki Kaisha (NYK)**, which reported US$3.2 billion in revenues for the fiscal year ending in March 1989, is restructuring its global operations in order to provide a full range of sea, land and air transportation and logistics services. Providing high-value- added services is one of the company's key goals. NYK's Crystal Harmony, a luxury cruise ship, is scheduled to enter service in July 1990, reflecting the company's long-term diversification strategy.

● **Dai-ichi Securities Co. Ltd.** an integrated securities company headquartered in Tokyo, has established a strong reputation in brokerage, dealing, underwriting and distribution of stocks and bonds. Dai-ichi now has 48 domestic branches and eight overseas offices, as well as three affiliated companies in Japan. Affiliated Dai-ichi Investment Trust Management was established in 1980 as Japan's 10th investment management trust company. Now it manages 800 billion yen in assets. Dai-ichi Research and Management and LTCB Investment Management Co. Ltd. (which ranks fifth in Japan's investment management industry) are Daiichi's other two affiliated companies in Japan.

● A survey of 3,000 clients of one of Japan's largest banks shows that the EC remains the second most-important investment priority after the United States. "The opportunities where the EC is strong include chemicals, pharmaceuticals, food processing, specialized cars and synthetic textiles," says Naoya Takebe, an executive in the research department of the **Industrial Bank of Japan (IBJ)**. However, the EC telecommunications industry remains "very protected," and there is virtually no hope for Japanese penetration, or cooperation with Western Europe in the field of aerospace, mainly because of resistance from France, he adds. Established in 1902, the IBJ has become a leader among Japan's financial institutions with a strong domestic base. One of its prime objectives is to expand its client base and services to contribute to the development of companies, industries and financial markets globally.

● **Navix Line Ltd.**, with 216 vessels in operation worldwide, centers its operations on carrier, liner and tanker services. The company provides container services to the U.S.S.R. and China as well as to major ports throughout the Asia-Pacific, Africa, Europe and the Americas. Navix line, which began operations in June 1989, was formed by the merger of Yamashita-Shinnihon Steamship Co. Ltd. and Japan Line Ltd.

● The Japan Communications Satellite (JCSAT-1), Japan's first privately built communications satellite, was produced in an international venture led by **C. Itoh & Co. Ltd.** This marks the company's goal of becoming a globally integrated corporation with special interests in telecommunications and information services. The company is involved in International Digital Communications, a venture whose projects include construction of the North Pacific Cable linking the United States and Japan. C. Itoh also has extensive investments in biotechnology endeavors.

● One of Japan's oldest and largest shipping companies, **Mitsui O.S.K. lines Ltd. (MOL)** is branching out into cruise ships. The company's newest cruise vessel, the Nippon Maru, is to be launched in September 1990. The ship, built with state-of-the-art technology, will have a fin stabilizer for increased passenger comfort and eight floors of facilities, including an ultramodern fitness center.

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Citizen Watch Co.			Navix Line, Ltd.		
C. Itoh & Co.			NEC Corp.		
Fuji Photo Film Co.			Nikon Corporation		
Fujitsu, Ltd.			Nippon Steel Corp.		
Hattori Seiko Co.			Nippon Telegraph & Telephone Corp. (NTT)		
Hitachi, Ltd.			NYK Line		
Honda Motor Co.			Nissan Motor Co.		
"K" Line			OKI Electric Industry Co.		
Komatsu, Ltd.			Olympus Optical Co.		
Konica Corp.			Ricoh Co.		
Kubota, Ltd.			Sanyo Electric Co.		
Maruberni Corp.			Seiko Epson Corp.		
Matsushita Electric Industrial Co.			Sharp Corp.		
Mazda Motor Corp.			Shiseido Co.		
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Mitsubishi Corp.			Toshiba Corp.		
Mitsubishi Electric Corp.			Toyota Motor Corp.		

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 1.

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd			6349	26½	25½	25½	— ¾
ABS s	.32	4.6	397	7½	7	7	— ¼
ACC Co	.16	2.7	254	6¼	5¾	6	— ⅛
ADC			880	17¾	17	17¾	+ ⅜
ADT			9940	31⅜	30⅝	31⅜	+ ⅜
AEL			1474	7¼	6⅞	7	+ ⅛
AEP			708	21½	20¾	21½	+ ⅜
AIRCOA			6	2⅜	2¼	2⅜	— ⅛
ALCh			1950	1¾	1⅝	1⅝	— ⅛
ASK			3351	8¼	7⅝	8⅛	+ ½
AST			8151	11	10½	10⅝	+ ⅜
AcrnRt	.10	1.0	196	11	10½	10½	— ⅛
AbingB	.32	4.4	112	8	7¼	7¼	— ¾
AbeLinc	.20e	1.4	39	14	12¾	14	+ ¾
Abram s	.20	3.9	28	5⅛	4⅞	5⅛	+ ⅜
Acadin			5091	1⅛	⅝	1	+ ⅛
Accel	†		143	7¼	6⅞	7⅛	+ ¼
Acclaim s			1596	7⅛	6⅞	7	
Acl wtB			421	1⅛	⅞	1	— ⅛
Acmto	.14b	1.0	34	15	14¼	14¼	— ¾
ACMT			39	13¼	12¾	13¼	+1
AcmeSt			364	19¼	17½	18	— ¾
AclARt	†		6017	9¼	7⅞	8¾	+ ¾
ActnSv	.32b	3.1	454	10¾	10¼	10⅜	+ ⅛
ActAuSt			248	4¾	4	4½	
Acxiom			474	21¾	21	21⅝	+ ⅜
AdacLb	.16	2.7	14285	6	5½	5⅞	
Adage			737	1¼	1⅛	1⅜	+ ⅛
Adapt			4843	16½	15⅛	15⅝	— ⅞
Adingt s			4604	17½	15	15	—2½
AdiaSv	.14	.6	329	24¼	23¾	24¼	— ½
AdobeS	.141	.7	5846	20	18½	18¾	— ½
Adtec			112	2¾	2½	2½	— ¼
AdvClr			3652	9	8⅛	8⅞	+ ⅞
AdvRas			130	10½	9¾	9¾	— ⅜
AdvMag			11	14½	14	14	
AdMkSv			839	15	14½	15	
AdvPoly			1085	6⅛	5⅝	6	— ½
AdvSem			133	7⅛	7	7	— ⅛
AdvTel			1886	22¾	19½	19½	—2¾
Advanta	.10e	1.0	3803	11	9⅞	10⅝	+ ⅝
AdvoSy			1323	8¼	7⅞	8	— ⅛
Aequitrn			978	2	1¾	1⅞	— ⅛
Aegon	1.39e	2.5	213	56¼	54¾	56¼	+2¼
AerSysl			743	1⅜	⅞	1⅛	+ ⅛
AffBcCp	.32	6.2	1158	5⅛	4⅞	5⅛	
AllBsh			392	11¾	11½	11¾	
AgncyR	†		25446	14⅝	10¾	13⅞	+3⅛
Agnico g	.20	2.2	1079	9¼	9	9⅛	— ⅜
Agouron			266	10¾	9¾	10¼	+ ½
AirMd			2407	4⅝	4¼	4½	
AirWisc	†		1029	10⅛	9⅞	10	
AirInd			24	1¾	1⅝	1⅝	— ⅛
Airtran	.16	1.5	403	11	10⅝	11	+ ⅛
Aforn	.06e	3.0	489	2	1	2	—
Akzo	1.44e	4.4	1282	32½	32	32½	+ ¾
AlamBc	.40e	2.6	58	23½	22½	23½	+ ¾
Alaten	1.10	9.9	279	11¼	11	11⅛	+ ⅛
Aldus			4959	14¾	13⅞	14⅜	+ ⅜
AlexBr	.22	2.0	1060	11	10⅝	10⅞	— ⅛
AlexBld	.80	2.3	6947	36	35⅛	35⅛	— ⅜
AlfaCp	.36	3.4	151	10¾	10¼	10½	+ ¼
Algorex			131	1	⅞	⅞	—
Allco	.20	.7	290	32¼	30½	30½	—1
AllAm s			312	2¼	2	2¼	
AllCity			34	4⅞	4⅝	4⅞	+ ¼
AlegW			569	7¾	7⅛	7¼	+ ⅛
AlnOrg	.40	1.1	20	37¼	37	37	+ ⅜
AllFlnl	1.00	2.1	6	47¼	47	47	— ¼
AllanPh			3607	11½	10½	11	+ ½
AlnPh wt			186	2⅜	2¼	2¼	+ ¼
Alliant			816	5⅝	5½	5½	
AlldBk	.30	3.5	96	8⅝	8½	8½	
AlldCap	1.79e	10.4	1642	17½	16½	17¼	— ½
AldCall			970	15⅛	15	15	— ⅜
AlldRsh			311	2⅛	1⅞	2	+ ⅛
AloyCpt			387	1½	1⅜	1⅜	— ¼
AlistFn			172	6¾	6¼	6⅝	
Allwast			11169	23⅜	21⅛	22¼	+ ⅞
Aloette	.32	2.4	1103	13½	11¾	13¼	+1¼
Alphari			2806	⅞	¾	⅞	+
AlpMic			555	4⅞	4⅝	4⅝	— ½
AltaGld	.06e	1.2	20911	5⅛	4⅝	4⅞	+ ¾
Altai			10	3	3	3	
Altera			2970	8¾	8⅛	8¾	+ ⅜
Altus			977	2	1¾	1⅞	
Altos			1170	7¾	7¼	7¼	— ½
Altron			6693	5¾	4⅞	5⅛	+ ⅝
AmbFn			63	½	¼	¼	
AmcarF	.50	3.0	116	17	16⅝	16¾	
Amrian	.40	3.2	48	12¾	12¼	12½	— ¼
Amerbc	.22	2.4	1117	9¼	9	9	— ¼
AFFMt2	2.31e	27.2	1673	8¾	8¼	8½	+ ¼
AFFF			681	20¾	20	20	— ¾
AmFPr	1.60	13.3	659	12	11¾	12	
AFTxE	1.70	17.9	1722	10¼	9½	9½	— ¼
AFTxE2	1.28e	11.6	565	11¼	11	11	
AWAirl			7207	10¼	9⅝	10	+ ⅛
ABnkr	.50	4.1	1334	12¼	11⅞	12⅛	+ ⅛
AmCity			557	18	16½	18	+1
AColoid	.44	3.5	181	12½	12¼	12½	+ ¼
AConsu			107	7½	7¼	7¼	— ⅛
AmEcol			701	6¾	6¼	6¼	
AFSvDu			171	7¼	6½	6⅝	— ⅜
AFiltrn	.86	3.2	15	27¼	26	27¼	+1¼
AGreet	.66	2.0	7246	32⅝	32	32⅝	+ ⅜
AHltSv			1140	2⅝	2½	2⅝	+ ⅛
AIndF	.56	6.8	62	8⅜	8	8¼	— ½
AmIntg			6455	5⅞	4⅞	5⅝	+ ⅝
AMgmt			64	5⅝	5¼	5⅜	+ ⅛
AMS			2513	13½	12¾	13⅛	
AMedE			214	8	7½	7¾	— ¼
AMldl			95	¾	⅝	⅝	
ANtIns	1.60	4.3	486	37¼	34⅜	37	+1¾
ANuclC			262	¾	⅝	⅝	
AmNurs			2822	1⅜	1⅛	1⅜	+ ⅞
AmPac			1019	10¾	10	10½	— ⅛
APhyG			127	2¼	2	2¼	+ ⅛
AmPlan			17	2	1¾	2	+ ¼
APwC s			711	18½	18¼	18¼	— ¼
ARelian	.32	2.5	101	13	12½	13	+ ¾
ARepBc	.05r	.5	16	10	9¾	9¾	
AmRice			262	1½	1⅜	1⅜	— ⅛
ASLFl pf	2.19	13.3	381	16½	15¾	16½	+1¼
ASvWA	.20	.7	556	29½	27½	28½	— ¾
ASoft s	.32	1.4	4026	22½	20	22¼	+1¼
AmStl			489	8¾	8	8	— ½
AmTvCm			8547	49¼	46¾	47¼	—1½
AmTrav			3251	20¼	18½	18½	— ¾
AVoxo	.091	1.2	4	7¼	7½	7¼	+ ¼
AWstCp	.10r	.9	888	11¾	11¼	11¼	— ¼
AWood			46	7½	7	7¼	+ ¼
AmFtBk			2628	4	3⅝	4	+ ⅛
Ameritr	1.28	4.7	3798	28	27	27	— ¾
Amerik			226	1¾	1½	1½	— ¼
Amgen			11761	59	53⅞	54⅛	—3⅝
Amistar			30	1⅛	⅞	⅞	— ⅛
AmtyBc	.20b	2.2	35	9¼	9	9¼	+ ⅛
AmskBk	.30l		3083	4¾	4⅛	4⅛	— ½
Amoskg	.60a	2.5	43	25½	24	24¼	— ¼
Ampicn			48	11¾	11¼	11¼	— ½
Amserv	†		232	6½	6⅛	6¼	+ ¼
AmicCp			1372	14	12½	13½	— ½
Amvst s	.20	3.1	2014	6⅝	5⅞	6⅛	
Anlogic			358	9¾	9⅛	9½	+ ¼
AnalyTc	.15	1.2	22	13¼	12½	12½	— ¾
Analy s	.38	2.2	668	17¾	17¼	17½	— ¼
Anangel	1.40e	9.7	2468	16½	15	16½	+1½
Anaren			252	3⅞	3⅜	3⅜	— ⅜
AnchSv			2594	2⅝	2⅜	2½	— ⅛
AndrGr			86	10¾	10	10	—1
AndvBc	.80	7.8	540	10¾	10¼	10¼	— ¼
AndvTg			6	5⅛	4⅞	4⅞	— ⅜
Andrew			1932	26	24	25¼	+1¾
Andros			792	8¼	7½	8	+ ¼
ApogEn	.20	1.2	2452	17½	16⅝	17⅛	+ ⅜
AppleC	.44	1.0	53852	45¼	42½	44	— ¼
Aplebee			1632	13⅝	12⅝	13	— ⅝
ABiosci			407	32¼	29¾	31½	+1½
ApldBio			7555	23¾	22	22	— ¾
ApldMt			11610	27¼	24½	27	+2
ApldP s	.12	.6	6626	21	20	21	+ ¾
ApldSlr			177	9	8½	9	+ ¼
ArabSh			128	2⅜	2	2⅛	
Archive			1378	12⅛	11¼	11½	— ⅜
Arbor s	.16	.8	1591	20⅝	18½	20⅜	+2
Arden			35	60½	60	60½	— ½
ArgoGp	1.00	1.5	76	68¼	67⅜	68¼	
Aritch			44	15	14¾	14¾	— ¼
ARIX			1287	4¼	3⅞	3⅞	— ¼
Arizinst			497	6⅞	6¼	6½	+ ¼
ArkaFt			331	14	13⅜	13¾	— ¼
Armor	.64	3.0	1708	21	20	21	+1
Arnold	1.00	3.1	91	32¼	31¼	32¼	+ ½
ArowBk	.64b	3.5	40	18¼	17¾	18¼	+1
Artel			183	6⅞	6	6⅛	— ⅜
ArtWay	.40	5.5	18	7¼	7¼	7¼	— ¼
Ashton			20169	11½	10⅞	11¼	+ ½
Aslamr	†		338	9¼	9	9	— ½
AspenR			770	3½	3⅜	3½	+ ⅛
Assix			572	7	6¼	6⅜	— ⅝
Assix wt			314	2	1⅝	1⅝	
AsdBnc	.72	3.2	133	23¼	22½	22½	
AsCmA s			249	36¾	35	35¾	+ ¾
AsCmB s			155	35½	34	35½	+1½
Astec			100	10	9¼	9¼	+ ¼
AstrM s			210	9¼	8⅝	9⅛	+ ⅜
Astrcm			55	⅝	⅝	⅝	— ⅛
Astron			186	1⅝	1⅛	1⅛	— ½
Astrosy			367	4⅝	4¼	4¼	— ¼
Atek			1309	4⅞	4⅛	4⅞	+ ⅜
Athey	.10r	1.1	235	9½	9	9¼	— ¼
AtlcoF	.20	2.1	254	10	9½	9¾	+ ¼
Atkinsn	.48	3.1	815	16¼	15¼	15¼	
AtlnFd	.40	4.0	29	10½	10	10½	+ ⅜
AtlAm			802	2⅝	2⅜	2½	— ¼
AtlFin	.071		531	1	⅞	1	+ ⅛
AtlF pf	.521		278	1⅛	⅞	⅞	— ⅛
AtlSeAr	.40	2.6	1405	16	15	15¼	— ½
Atwood	.73e	2.1	134	35⅞	34¼	34⅞	+ ⅜
AtwdOc			21	16¾	15¾	16¾	+1
AutTrT			57	4	3⅞	3⅞	
Autoclv	.20b	1.5	268	13½	13	13¼	
Autodk	1.50e	4.3	16329	37¼	34⅜	34⅞	—2½
Autodie			72	12½	12	12¼	— ¼
AutoInf			2202	3⅝	3⅛	3½	— ¼
AutLng			183	2¼	1¾	2¼	
AutoSv			36	2½	2⅛	2¼	
AutoCp			81	9¼	8½	9⅛	+ ⅜
Avntek			4606	4¼	4	4⅛	— ⅛
Avatar			413	26¾	26	26	— ½
Avndle	.92	6.5	262	15	14¼	14¼	— ½
AztcM	.10	2.0	278	5½	5	5⅛	+ ⅛
B							
BB&T s	.80	3.7	536	22	21	21½	— ¼
BH Bulk	2.51e	45.6	172	5⅝	5¼	5½	— ⅛
BEI El	.02e	.2	1273	8⅞	8⅛	8½	+ ⅜
BEI	.181		548	2⅞	2⅝	2¾	— ¼
BF Ent			90	8¼	7¾	8¼	+ ½
BFS NY			83	10¼	9¾	10¼	+ ¼
BGS	.40a	2.7	144	15¾	14⅞	14⅞	
BHA s			435	18¼	17	17½	— ¼
BHA B s			438	18⅛	17⅜	17⅜	— ½
BKLA			27	9⅝	9½	9⅝	+ ¼
BMA	1.20	3.2	694	38¼	37⅜	37⅞	+ ⅛
BMC Sft			2592	30	27½	27¾	—2
BMJ	.60	3.6	50	17	16½	16½	— ½
BMR Fn			35	8⅛	8⅛	8⅛	— ⅛
BNH	.24	3.4	280	7⅜	7	7	— ⅜
BSB Bcp	.60	3.4	357	17¾	17¼	17½	+ ½
BT Fin	.76	5.4	147	14¼	13⅝	14⅛	+ ⅜
BT Shp			8027	12½	11	12⅛	
BTR	.08	1.3	256	6½	6¼	6⅜	+ ⅛
BTU Inl			652	4⅞	4¼	4¾	— ⅜
Babage			1638	9	7¼	8⅝	+1⅜
Badger	.48a	2.3	260	21⅜	21	21	—1
Bailey			28	1⅞	1¾	1¾	
BakerJ	.06	.3	3834	22¼	20½	20⅜	—1⅛
Balchm	.03	1.0	81	3	2⅞	3	+ ⅛
BldLyB	.20	.9	778	21¾	20¼	21⅝	+1¼
BaldPio			39	11	11	11	
Balard s			1075	19⅞	18	18¾	— ⅜
Baltek	.15	1.6	874	9¼	8½	9¼	+ ¼
BncPnc	1.60	3.3	78	48	47½	48	+ ½
BnPop s	.80	3.8	97	22	21¼	21¼	
BcpHw s	1.56	2.8	1131	57½	55⅝	56	—1¼
BcMiss	.84	3.8	63	22	22	22	— ½
BcoNJ	.40	3.7	322	11½	10¾	10¾	— ¾
Banctec			1035	15½	14⅞	15¼	— ¼
BandoM	.68	9.4	194	7¼	6½	7¼	
BangH	1.16	7.3	95	16⅛	15¾	16	— ⅛
BankAtl			223	8¼	7¾	7¾	— ⅛
BkGrn s			63	22	20½	20½	— ½
BnkNH	.92	5.6	257	17	16½	16½	— ½
BkSou	.48	3.8	3255	13¼	12⅝	12¾	— ¼
Bnkest	.241		2412	2⅝	1⅞	2⅝	
BnkFst	.21e	2.5	143	8⅝	8½	8½	
BkrNte			475	3	2⅝	2⅞	
Bknth	1.72	5.1	2	35	34	34	
BkIowa	1.00	1.3	139	78	76½	77	
BkMAm			204	9⅞	9½	9½	— ½
BkWorc	1.00	8.1	1274	13	12½	12⅞	— ⅛
Banta	.52	2.2	1794	23½	22¾	23¼	+ ½
Barden	1.00b	2.9	102	36⅛	33⅞	35	+ ½
BaretRs			32	6⅝	5⅞	6⅛	+ ⅜
BarvJ s			134	13	12	12½	— ½
BsTnA			697	3¼	2⅜	3	— ⅛
BasAm			55	3½	3	3	— ½
BasPtr s			74	6⅞	6⅛	6½	+ ⅛
BsetF	1.00a	2.8	114	36	35½	36	+ ½
BayVw	.15e	.7	1607	22	19⅞	20¼	—1½
BayBks	1.80	4.9	8069	37	35¾	36½	+ ½
BeauC s	.10e	.6	1065	17⅝	17	17⅛	— ⅛
BeautL			565	3½	3	3⅛	— ⅜
Beebas	.20	1.8	171	11	10¾	11	+ ¼
BelFuse			1035	4½	3⅝	4⅜	+ ⅜
Bellw			215	4⅜	3½	4	— ⅛
BellSv			1137	7⅞	7	7⅜	+ ¼
Belmrl			1272	⅝	½	½	
BenJer			332	15¾	15	15¼	— ¼
Benhan			659	3	2¾	2¾	— ¼
BenlSv			2476	3⅜	2⅞	3	
Berkley	.40	.9	2695	46¼	45⅝	45⅝	+ ⅛
BerkGs	1.28	7.8	24	17	16½	16½	
BethlBc	.57e	4.3	25	13¾	13¼	13¼	
BetzLb	1.88	3.4	4517	56½	54	54½	—1¾
Big B	.16	1.3	1046	13	12⅞	12½	— ⅜

(Continued on next left-hand page)

Herald Tribune (International)

BUSINESS/FINANCE

MONDAY, DECEMBER 4, 1989

هكذا من الأصل

EUROBONDS

Bonds Leading the Rush Toward a Global Market

By Carl Gewirtz
International Herald Tribune

PARIS — The decade-long rush to a global financial market, with investors increasingly diversifying portfolios to include foreign securities, has, overwhelmingly, been marked by a move into bonds rather than equities. A study by J.P. Morgan & Co., in its November issue of World Financial Markets, estimates that cross-border holdings of stocks and bonds have tripled since 1983, to a total of $1.7 trillion at the end of last year. Of this, an estimated 65 percent is invested in bonds, compared with 60 percent five years earlier.

The analysis is based on the external liabilities reported by 11 countries that account for close to 90 percent of the world securities market. They are Australia, Belgium, Britain, Canada, France, West Germany, Italy, Japan, the Netherlands, Spain and the United States.

> 'Bond holdings rose sharply in 1984 and have continued to do so.'

By the end of last year, Morgan estimates that foreign bond holdings amounted to $1.1 trillion, representing 11 percent of total bonds outstanding in the 11 countries.

Foreign equity holdings are estimated at $600 billion. This represents only 6.7 percent of world equity capitalization, down one percentage point from the high reached in 1986.

The decline in the equity portion of international portfolios began before the October 1987 stock market collapse and continued through the end of 1988. By contrast, bond holdings began to pick up sharply in 1984 and have continued to increase since then.

The bond holdings are nearly evenly split between government-issued debt (50.7 percent) and corporate paper. However, nearly 40 percent of the foreign government bonds are estimated to be held by central banks.

The heavy involvement by these official holders "explains the apparent attractiveness of U.S. Treasury bonds to cross-border investors," Morgan says.

That is because the bulk — 63 percent — of the reserves held by central banks is in dollars.

Foreign official holdings of U.S. Treasury bonds is estimated at about $150 billion, almost two-thirds of the total $236 billion of U.S. government bonds held by foreigners at the end of last year. The bulk of nonofficial foreign holdings of dollar bonds is in corporate paper. U.S. studies show private foreign holdings of corporate bonds totaled $195 billion last year, virtually equal to the foreign private holdings of $198 billion in U.S. equities.

THE MORGAN REPORT shows that overall, 40 percent of the government bonds held by foreign investors were issued by the United States. Canadian government bonds were the next most popular, accounting for 16 percent, followed by those of West Germany, 13 percent; Japan, 7 percent; and Britain, 6 percent. Australia and the Netherlands each had a 5 percent share of the market. In all, holdings of government bonds amounted to $583 billion.

In addition to the strong showing made by U.S. Treasury bonds, the study notes that West German, Dutch, Canadian and Australian government bonds were also overweighted by foreign investors. In all these sectors, cross-border holdings were larger than the share of those markets in the global outstandings.

Despite the overweighting, foreign investors hold only 17 percent of the outstanding U.S. Treasury bonds. The highest foreign penetration of domestic markets is in Australia and Canada, where nonresident holdings amount to over 50 percent of domestic and Eurobonds issued by those countries.

Next comes the Netherlands, where foreign penetration last year was estimated at 35 percent, and West Germany, with 31 percent. Foreign investors hold less than 5 percent of outstanding government bonds in Japan, Italy and Spain, and only 8 percent in France.

As for the profile of investors, Morgan notes that they are more likely to be located in the smaller countries where limited diversification opportunities force them to invest abroad.

"Dutch investors hold almost a quarter of their portfolio in foreign equities and bonds, compared with only 2 percent for U.S. investors," it said. The study shows that West German investors raised their foreign allocation to 15 percent from 9 percent during 1983-88, while Japanese investors moved from 4 to 6.5 percent.

While the Japanese may be less diversified than investors elsewhere, with $431 billion in nonofficial cross-border holdings, the Japanese last year accounted for more than a quarter of the world total.

The study of government bonds and global diversification coincides with the launching of a new daily index, the J.P. Morgan Government Bond Index, to track overall performance in each of the 11 major markets and to provide a measure against which institutional investors can compare their own performance.

Morgan noted that the practice of measuring portfolio managers' performance against a market index, widespread among

See EURO, Page 17

Ferruzzi Is Selling Insurer

Deal Is Worth 3.6 Trillion Lire

Reuters

MILAN — Ferruzzi Finanziaria SpA, the Italian agribusiness conglomerate, is to sell its controlling 49 percent stake in the insurer La Fondiaria SpA to a financial firm owned by a relative of the entrepreneur Carlo de Benedetti, for 3.6 trillion lire ($2.74 billion).

Ferruzzi Finanziaria's managing director, Giuseppe Garofano, said Saturday that the company is selling the stake to Gaic SpA, a holding company of Camillo de Benedetti, cousin of Carlo.

Last week, Ferruzzi, which is headed by the industrialist Raul Gardini, denied Italian press reports that it would sell Fondiaria to Assicurazioni Generali SpA, Italy's largest insurance company.

Camillo de Benedetti, who is vice chairman of Generali, will become chairman of Florence-based Fondiaria — the country's third-biggest insurer.

The 3.6 trillion lire purchase price represents a premium of about 50 percent, based on Fondiaria's current share price on the Milan bourse. It closed Friday at 57,710 lire.

"We have always felt that the trading price of Fondiaria shares on the market did not really reflect the real value," said one Ferruzzi executive, who asked not to be named. He said the company had received several offers to buy the Fondiaria stake at higher prices from European and U.S. concerns.

The executive declined to identify the other entities that were interested in buying Fondiaria.

As part of the accord, Mr. Garofano said Ferruzzi would invest 900 billion lire to buy a stake in Gaic equal to that of Camillo de Benedetti's firm, Paleocapa SpA.

Details of that acquisition have not been finalized yet, but Mr. Garofano said the two companies had agreed to a pact whereby they would jointly control Gaic. Both Gaic and Paleocapa plan capital increases, he said.

Mr. Garofano said the Fondiaria sale would allow Ferruzzi Finanziaria to wipe out its debts. He said the Ferruzzi group's consolidated net debt would fall from the current level of about eight trillion lire, to about 5.5 trillion, as a result of the operation. The debt-to-equity ratio would fall to 0.50 from 0.75.

At the same time, Mr. Garofano said, the sale would put Fondiaria in a better position to assume a larger dimension in the European insurance market.

Carlo de Benedetti, who is much more in the financial limelight than Camillo, holds 15 percent of Gaic through his industrial firm Compagnie Industriale Riuniti.

Mr. Garofano denied speculation that the Fondiaria sale to Camillo de Benedetti's group was part of a broader plan for Fondiaria to eventually link up with Generali, which has a 5.6 percent stake in Fondiaria.

Fondiaria reported 1988 gross

See FERRUZZI, Page 16

Tom Pollock's Best Film Picks at Universal

The 15 highest grossing theatrical motion picture releases put into production by Tom Pollock as chairman of Universal Pictures.*

Title	Date of Release	Domestic Gross (Through Nov. 29, 1989 in millions of dollars)
Twins	Dec. 9,1988	$111.7
Parenthood	Aug. 2,1989	94.4
Uncle Buck	Aug. 16,1989	63.2
Field of Dreams	April 21,1989	62.8
Sea of Love	Sept. 15, 1989	55.6
The Land Before Time	Nov. 18,1988	47.9
Back to Future, Part II	Nov. 22, 1989	45.6
Biloxi Blues	March 25,1988	43.4
K-9	April 28, 1989	43.0
The Great Outdoors	June 17,1988	41.5
Midnight Run	July 20,1988	38.5
The Burbs	Feb. 17,1989	36.5
Fletch Lives	March 17,1989	35.0
The Dream Team	April 7, 1989	28.8
Do the Right Thing	June 30,1989	26.4

*From a total of 29 Releases.

Source: Universal Pictures

International Herald Tribune

Starring in Hollywood? Executives

Pollock of Universal Pictures Is Getting Rave Reviews

By Geraldine Fabrikant
New York Times Service

LOS ANGELES — Before Thomas P. Pollock, the chairman of Universal Pictures, could slide into his booth for breakfast at the posh Bel Air Hotel last week, he was showered with attention from others in the dining room.

The film producer Lee Rich congratulated him on the opening of "Back To the Future, Part II," which had a record box-office gross of $43 million for the five-day Thanksgiving period and has become one of the Christmas season's major hits.

Then an entertainment lawyer, Bert Fields, kidded Mr. Pollock about his rising value to Universal.

In a film industry where studio executives can come and go with dizzying speed, all at once Tom Pollock is hot.

Indeed, studio executives are increasingly hot properties in the wake of Sony Corp.'s decision to pay a total of about $500 million to obtain the services of the producers Jon Peters and Peter Guber to run the Japanese company's latest acquisition, MGM.

The talk around Hollywood is that new contracts for executives like Mr. Pollock also will reflect record grosses.

Many in the motion picture world thought that Mr. Pollock, 46, a lawyer, would not succeed when he was hired in September 1986 to turn around Universal. His critics said a lawyer with little experience in the creative side of film could not run a studio.

Hollywood insiders refer to successful studio chiefs as "picture pickers," and few thought Mr. Pollock would prove a "picker." But Universal's box-office revenue this year will probably exceed $450 million, compared with $242 million in 1987.

So far for 1989, Universal is third in the industry, behind Warner Brothers and Tri-Star/Columbia, on the strength of such hits as "Parenthood," "Sea of Love," "Uncle Buck" and "Back To the Future, Part II."

Universal's success is crucial to its parent company, MCA Inc. MCA also owns a television production business which, once the dominant producer, has fared badly in recent years. And several months ago, the head of MCA's record division, Irving Azoff, left the company to start his own record label, a defection expected to drag down the record operation's profit.

MCA's attempt to expand into the movie theater business through investment in Cineplex Odeon has been riddled with problems. As a result, MCA has found itself particularly dependent on Universal Pictures and on Mr. Pollock.

"Universal stumbled along for four years, making its money on the strength of its film library," said David Londoner, an analyst at Wertheim Schroder & Co. "But Tom has been developing relationships that are now paying off and making it a hot studio."

Of course, the film business is cyclical and today's hot studio head can be tomorrow's independent producer, put out to pasture and his favorite projects shunned by his replacement.

Mr. Pollock is clearly enjoying his moment in the sun. He recalled the strategy — in which relationships play a crucial role — he adopted three years ago when he was hired by the MCA chairman, Lew Wasserman, and its president, Sidney Sheinberg.

Mr. Pollack's strategy provides insight into how Hollywood works and how, despite outsiders like Sony rushing to buy studios, it remains a business heavily reliant on long-term and often intense relationships.

"I knew that it would take about three years for everything to gel," Mr. Pollack said. "It takes about that long to get the production and marketing sides going. But Sid and Lew know that. Lew has been in the business for 50 years."

Hollywood is an inbred community. But because he was an entertainment lawyer, Mr. Pollock has a wide range of personal relationships he can draw on.

Some are social, some are based on business and some are a mix of the two. It was while discussing a deal for a client that Mr. Sheinberg asked Mr. Pollock to replace Frank Price as the head of Universal.

Mr. Price had been responsible for such hits as "Out of Africa," but his flops had included "Howard the Duck." More important perhaps, some of his key relationships had been unraveling, including his relationship with Mr. Sheinberg.

To make matters worse, Mr. Price and Steven Spielberg, creator of Universal's "E.T." and "Back to the Future" were not speaking.

Relationships at Universal had become so acrimonious that the studio seemed to be producing more feuds than films. By the time Mr. Pollock arrived, he said there were only 32 films in development.

Movie companies release between 17 and 25 films a year. But at any one time, they have about 200 projects in development.

Developing a movie script to the point where it can go into production costs several hundred thousand dollars, sometimes much more. So Mr. Pollock began rebuilding inventory by spending on research and development.

"There are two approaches a studio can use," he said. "It can generate ideas, or it can build relation-

See UNIVERSAL, Page 19

U.S. Firms Join Supersonic Jet Project in Japan

By Paul Blustein
Washington Post Service

WASHINGTON — Two major U.S. jet-engine makers have signed up as part of an international consortium to work on a Japanese government research project aimed at building a supersonic passenger aircraft that could give Tokyo a prominent position in the airplane industry of the next century.

An official of Ministry of International Trade and Industry said Friday that the ministry has accepted the bid of a team of seven companies — including General Electric Co. and Pratt & Whitney — to participate in a $195 million government-financed project to develop an engine that would power a plane capable of flying at five times the speed of sound.

The other members of the consortium are Rolls-Royce PLC of Britain, the Société Nationale d'Etude et de Construction de Moteurs d'Aviation, or SNECMA, of France, Mitsubishi Heavy Industries Ltd., Kawasaki Heavy Industries Ltd. and Ishikawajima-Harima Heavy Industries Co. of Japan.

Such a plane would be able to fly between New York and Tokyo in three to five hours, compared with about 13.5 hours today. But it would have to surmount several technical barriers, including noise pollution and damage to the ozone layer.

The development project is expected to take eight years. A MITI official in Tokyo was recently quoted by The Associated Press as saying that another 10 years would be needed before the engine could be put to practical use.

One obvious question raised by the news, experts said, is whether Pratt & Whitney, a unit of United Technologies Corp., would face a conflict as a result of being a participant in the development of the National Aerospace Plane, a supersonic aircraft project sponsored by the National Aeronautics and Space Administration and the U.S. Air Force.

Robert Rosen, NASA's deputy associate administrator for aeronautics and space technology, said he could not comment on the Japanese project until more details were learned.

But, he said, "I don't think the taxpayers are looking for us to develop technology for the world. It's important that when we develop technology, it's in such a way that it primarily benefits the United States."

Moreover, the issue also could stir congressional opposition on the general grounds of opening up sensitive areas of technology to Japan in an area where the United States enjoys a clear lead. The Japanese have long sought to become a power in aerospace.

Congress is likely to scrutinize the arrangement, because Capitol Hill has made it clear "that we're extremely concerned about any deals in which we are providing technology to the Japanese," said Charles C. Smith Jr., an aide to Senator Alan J. Dixon, the Illinois Democrat who was a leading critic of the U.S.-Japanese pact to build the FSX fighter plane.

Pratt & Whitney contended that its role in the U.S. and Japanese government projects should pose no worry because the two governments are planning to build very different sorts of planes.

The issue is novel because non-Japanese companies had never been invited to participate in projects financed by MITI.

It was partially in response to U.S. complaints that MITI agreed earlier this year to open its development projects to foreign concerns. The seven companies in the engine project applied as a team, and there were no other applicants by the deadline last Wednesday.

A Pratt & Whitney spokesman said any fears over the company's roles are unfounded. The National Aerospace Plane is supposed to fly at speeds of up to Mach 25, or 25 times faster than sound, and the Mach 5 plane the Japanese have in

See ENGINE, Page 19

Reginald Dale Named IHT Economics Editor

International Herald Tribune

PARIS — Reginald Dale was named Sunday as economics and financial editor of the International Herald Tribune.

Mr. Dale, who has been the newspaper's economics correspondent, will take up his post on Dec. 18. David Clemens was named deputy economics and financial editor.

The appointments were announced by John Vinocur, the newspaper's executive editor.

Mr. Dale, 49, has had a distinguished career in international journalism. A British national, he was educated at New College, Oxford, and joined the Financial Times of London in 1963.

Before coming to the International Herald Tribune in Paris in 1987, he had served the Financial Times as European correspondent, European Community correspondent based in Brussels, deputy foreign editor, European editor, and United States editor based in Washington. During the academic year 1986-87, Mr. Dale was a visiting fellow at Harvard University.

Mr. Clemens, 39, joined the International Herald Tribune in 1985. A graduate of Brigham Young University in Provo, Utah, he worked for The Associated Press in the United States, and Agence France-Presse as a correspondent for southern Africa based in Zimbabwe.

CURRENCY RATES

Cross Rates

Dec. 1

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.012	3.148	1.1282	0.3304	0.1531 *	—	5.37 *	1.2615	1.4038 *
Brussels(a)	37.455	58.65	21.008	6.153	2.8509 *	18.627	—	23.51	0.2615
Frankfurt	1.7818	2.79	—	0.2929	0.1357 *	0.8865	4.76 *	1.1185	1.2445 *
London (b)	1.5635	—	2.7923	9.536	2,054.50	3.1543	58.65	2.4955	223.575
Milan	1,313.90	2,055.30	736.53	215.80	—	652.88	35.047	823.15	9.16
New York(c)	—	1.5615 b	1.787	6.1035	1,317.00	2.0155	37.527	1.5995	143.44
Paris	6.067	9.533	3.4146	—	0.4636 *	3.0269	0.1626	3.8192	4.249 *
Tokyo	143.15	224.96	80.60	23.61	0.1095	71.43	3.8919	90.12	—
Zurich	1.5995	2.4977	0.895	0.2622	0.1216 *	0.7941	4.2648 *	—	1.1162 *
1 ECU	1.1413	0.7295	2.0359	6.9516	1,499.61	2.2966	42.7673	1.8196	163.548
1 SDR	1.2888	0.8227	2.2964	7.8448	1,698.14	2.593	48.2713	2.053	184.424

Closings in London and Zurich, fixings in other centers. New York closing rates.
a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	655.00	Fin. markka	4.198	Mex. peso	2644.00	S. Afr. rand	2.6045
Austral. $	1.2821	Greek drac.	163.40	N. Zealand $	1.6984	Soviet ruble*	0.6224
Austr. schil.	12.54	Hong Kong $	7.815	Nig. naira*	5.2995	Span. peseta	114.70
Brazil cruz.	7.507	Indian rupee	17.007	Norw. krone	6.812	Swed. krona	6.376
Canadian $	1.167	Indo. rupiah	1782.00	Phil. peso	21.79	Taiwan $	25.94
Chinese yuan*	3.7221	Irish £	0.6768	Port. escudo	154.88	Thai baht	25.69
Danish krone	6.916	Israeli shek.	1.965	Saudi riyal	3.748	Turkish lira	2288.00
Egypt. pound	2.5582	Kuwaiti dinar	0.2948	Sing. $	1.945	UAE dirham	3.67
		Malay. ring.	2.701	S. Kor. won	675.90	Venez. boliv.	44.30

New York rates unless marked * (local rate.)

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5558	1.5470	1.5392	Canadian dollar	1.1705	1.1744	1.1777
Japanese yen	143.09	142.88	142.71	Swiss franc	1.5930	1.5922	1.5920
Deutsche mark	1.7826	1.7826	1.7824				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Dec. 1	Nov. 24	Ch'ge
DJ Indus.	2,747.65	2,675.55	+ 2.69 %
DJ Util.	227.80	221.58	+ 5.56 %
DJ Trans.	1,202.35	1,176.03	+ 2.24 %
S & P 100	327.64	321.41	+ 1.94 %
S & P 500	350.63	343.97	+ 1.94 %
S & P Ind	400.67	392.98	+ 1.96 %
NYSE Cp	193.66	190.29	+ 1.77 %
Britain			
FTSE 100	2,311.10	2,222.40	+ 3.99 %
FT 30	1,833.60	1,754.90	+ 4.48 %
Japan			
Nikkei 225	37,132.00	36,484.00	+ 1.78 %
West Germany			
DAX	1,612.44	N.A.	— %
Hong Kong			
Hang Seng	2,756.90	2,808.53	— 1.84 %
World			
MSCIP	550.50	534.10	+ 3.07 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Dec. 1	Nov. 24
Discount rate	7.00	7.00
Federal funds rate	8 7/16	8¼
Prime rate	10½	10½
Japan		
Discount	3¼	3¼
Call money	6⅛	6 5/32
3-month interbank	6 19/32	6 21/32
West Germany		
Lombard	8.00	8.00
Call money	7¾	7.30
3-month interbank	8.15	8.15
Britain		
Bank base rate	15.00	15.00
Call money	15.00	14⅞
3-month interbank	15¼	15 1/16

Gold	Dec. 1	Nov. 24	Ch'ge
London p.m. fix.$	413.85	415.80	— 0.47 %

Manila Rebellion Clouds Economy

Compiled by Our Staff From Dispatches

MANILA — The attempted coup in the Philippines has put into jeopardy economic gains so far achieved by President Corazon Aquino's government and has shattered investor confidence in a country bidding to industrialize within the next decade, analysts said Sunday.

Businessmen and bankers said that while the coup attempt was not likely to affect official lending and aid to the Philippines, it marked a major setback to Mrs. Aquino's economic-recovery program.

Mrs. Aquino acknowledged Saturday that efforts to rebuild after the damaging years of former President Ferdinand Marcos had been "severely compromised" by the coup attempt.

Analysts said foreign investors would need a great deal of persuasion to pour money into the country now. Many may be tempted to transfer their projects to neighboring Asian countries with more stable political climates, undermining an investment boom in the Philippines that was expected to boost the national economy next year.

Over the weekend, loyal government forces were still conducting operations against rebel soldiers who launched Friday's coup attempt that claimed 40 lives and injured some 58 others. Some rebel units had been stationed temporarily in the Makati financial district, in the southern end of the capital.

"Even if unsuccessful, this incident will only make local and foreign investors wary of the country," said Felix Maramba, president of Liberty Flour Mills.

"People who were considering putting any money into the Philippines will certainly hold back," said Pauline Dallas, senior economist with Citicorp Scrimgeour Vickers.

Mrs. Aquino, who has survived five earlier coup attempts since being swept to power in a popular revolt in 1986, has been wooing foreign investment, saying the country was now politically stable, communist insurgency was under control, and the economy had staged a remarkable turnaround.

"Now the task of building begins all over again," she said in a speech on nationwide television.

"Foreign investors strongly dislike sudden jolts in the economy," a European banker said, indicating that a large portion of the $1.5 billion of promised foreign investments for the first 10 months of the year might not materialize.

Officials said actual private foreign investments in the Philippines are expected to total $250 million by the end of the year, roughly double the 1988 figure.

Analysts think that big foreign investors interested in long-term deals involving hotels, real estate and industrial plants would probably push through with their plans, but would be wary of injecting new capital into the projects.

The Philippines, which has a $27.5 billion foreign debt — most of it incurred by Mr. Marcos's government — has registered an average growth rate of 6 percent over the last three years.

However, any flight of capital could seriously undermine an economy in the grip of a 14 percent inflation rate and an official unemployment rate of 20 percent.

Analysts said Manila would probably get less than the $750 million in new money promised by commercial lenders in recent negotiations, adding that the pledged amount was already less than the original target of $1 billion.

(AFP, Reuters)

■ Honduras in Arrears

Honduras has said that it will not pay $26.6 million that came due to the International Monetary Fund on Dec. 1, The Associated Press reported from Tegucigalpa.

The government said it would wait and let the president-elect, Rafael Leonardo Callejas, deal with the debt problem. Mr. Callejas, who was elected Nov. 26, takes office Jan. 27.

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The Nikko Securities Co. (Europe) Limited
Yamaichi International (Europe) Limited

Copenhagen Handelsbank A/S
Manufacturers Hanover Norge A/S
Shearson Lehman Hutton International
Svenska International Ltd.

Deutsche Bank Capital Market Ltd.
Mitsubishi Finance International Ltd.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Optimism prevailed throughout the week and demand increased even though interest rates remained at a record level. Insurance stocks continued to perform well.

The CBS general index ended the week at at 199.1, up from 194.5 the previous week. Total turnover reached 5.5 billion guilders, compared with 7.1 billion.

The Kempen & Co. brokerage predicted the positive trading climate would continue this week.

Frankfurt

Foreign investors returned heavily to market, attracted by the heavy gains of the Deutsche mark against the dollar. Good company results and strong bond trading also helped.

Some of the optimism was dampened, however, by the slaying of the president of Deutsche Bank, Alfred Herrhausen.

The DAX indicator ended the week up 56.93 points over the previous week, at 1,612.44. The Commerzbank index gained 63.8 points, to 1,996.6.

Hong Kong

Prices declined in uneventful trading, the bearish mood being prompted Monday by a government forecast of only 3 percent growth this year.

The barometer Hang Seng Index fell 51.63 points, to close at 2,756.90, following a thin gain of 4.24 points the previous week; the index lost ground every day but Friday.

The broader-based Hong Kong Index lost 34.39 points, to end at 1,815.02, after inching up 2.85 points the previous week.

London

The market ended the week at its best level in two months, despite limited activity. The Financial Times 100 share index rose 88.7 points, to 2,311.1.

Dealers said the decision by the West German central bank not to increase interest rates and a statement by the chancellor of the Exchequer, John Major, that he would consider increasing credit costs if needed, boosted enthusiasm.

A strong speculative activity in line with the successful bid of Australian Mutual Provident for insurance group Pearl and Deutsche Bank's offer for Morgan Grenfell stimulated the financial sector.

Milan

The bourse's leading MIB index recorded a 0.53 percent fall for the week, ending at 1,123 in quiet trading. The COMIT index fell 0.46 percent to 667.27.

Most blue chips lost ground, especially Pirelli, which fell 5.2 percent. CIR dropped 3.14 percent and Olivetti lost 2.14 percent. Many insurance and banking stocks were lower.

Paris

The bourse had one of its brightest weeks of the year, with shares gaining an average of more than 3 percent. The CAC-40 share index closed at 1,919.20, up from 1,858.09 the previous Friday.

Relying on favorable forecasts for the French economy and in spite of confusion over the future direction of interest rates, analysts predicted that prices would take off early next year.

Investors headed particularly for blue-chip shares, which analysts said were well priced.

Singapore

The Straits Times Industrial Index broke through the 1,400-point barrier as shares again performed strongly, gaining 23.24 to finish the week at 1408.51.

The SES all-share index advanced 5.25 to 367.35. Volume rose to 339.29 million shares traded, compared with 296.6 million a week earlier.

The market got off to a firm start, influenced by the strong finish on Wall Street last week. It saw renewed buying interest among retail investors. Institutional investors and foreign fund managers also helped spark a rally.

Malaysian property stocks were actively traded on news of a favorable outlook for the Malaysian construction industry.

[The Development Bank of Singapore said Saturday that starting Monday it would introduce a new weighted stock index comprising 50 stocks, Reuters reported from Singapore.]

Tokyo

Share prices continued to advance amid news of good corporate profits and less pressure concerning higher interest rates.

The 225-issue Nikkei Stock Average, setting records on four days, added 648.21, to finish the week at 37,132.68, following a 520.73 jump the previous week. The average topped the 37,000 for the first time on Wednesday, when it closed at 37,021.46.

The Tokyo Stock Price Index, or TOPIX, also hit all-time highs on Monday through Thursday, ending 60.03 higher, at 2,819.63.

Zurich

The bourse recorded its second straight weekly 2 percent rise, despite increased Euromarket interest rates.

The Crédit Suisse index closed at 627.2, after 616.9 the previous week, while the Swiss Bank Corp. indicator closed at 667.9, up from 656.4.

Banks fared well, with Union Bank rising 95 Swiss francs to 3,935.

De Benedetti Battling Berlusconi Over Firm

Reuters

MILAN — A battle erupted over the weekend between the Italian media businessman Silvio Berlusconi and the entrepreneur Carlo de Benedetti for control of Italy's largest publishing enterprise.

The trouble stemmed from moves aimed at countering recent share building by Compagnie Industriali Riunite SpA, Mr. de Benedetti's holding company, in the publishing concern, Arnoldo Mondadori Editore SpA, which owns La Repubblica newspaper and L'Espresso magazine.

The action was taken by major shareholders who renounced a pact with Mr. de Benedetti and joined forces with Mr. Berlusconi.

The shareholders, two members of the Formenton family, control a 25.7 percent stake in Mondadori's parent, AME Finanziaria SpA. The pact they renounced had given Mr. de Benedetti control of AMEF.

"The Formenton family has realized that the build-up by CIR, unilaterally executed and publicized as an act of substantial power-building, is a declaration of hostility," said Mondadori's vice president, Luca Formenton.

Mr. de Benedetti boosted his holding of Mondadori preferred shares to 71 percent, from 51 percent, earlier this year. But he still holds only 17.3 percent of Mondadori's common shares, denying him absolute direct control.

FERRUZZI: *Insurer to Be Sold*

(Continued from first finance page)

premiums of 2.5 trillion lire. For the first half of 1989, the company reported gross profit of 52.4 billion lire, up from 50.3 billion in the comparable 1988 period.

Commenting on Ferruzzi's overall strategy, Mr. Garofano said it still views as strategic its chemicals and agroindustrial businesses. Ferruzzi owns the chemicals concern Montedison SpA and has extensive agriculture and commodity trading interests throughout the world.

"Both asset-cleaning in nonstrategic areas and investments in strategic sectors will continue," Mr. Garofano said.

He reiterated that Ferruzzi had no plans to eventually sell its 40 percent stake in the chemicals joint venture Enimont SpA, due to delays in Italian government approval of tax breaks for the venture.

"Enimont is strategic for us," he said. Mr. Garofano also said Ferruzzi was not behind recent heavy share-buying in Enimont.

■ Ferruzzi in Soviet Deal

Ferruzzi announced Friday that it has been awarded three major economic contracts by the Soviet Union, The Associated Press reported from Rome.

Mr. Gardini valued the three transactions at 3 trillion lire. He and the Soviet minister of chemicals and petroleum refining, V.N. Lemaev, signed the agreements in Rome during President Mikhail S. Gorbachev's recent visit to Italy.

Inflation Weighs on Brazil Stocks

Reuters

SAO PAULO — The São Paulo stock market dropped sharply in real terms for the month of November, the exchange has said.

In nominal terms, the Bovespa index of the most actively traded shares rose 9.1 percent, finishing at 31,018. But the exchange said Friday that the index saw a 35.5 percent drop in real terms if November inflation were considered to be about 41 percent.

Late Friday, the government said consumer prices rose 41.42 percent in November, following a record 37.62 percent October rise.

The market was depressed, dealers said, by the financial troubles of Petroleo Brasileiro SA, the country's largest industrial company, and lower world tin prices, which fueled selling pressures on the shares of Paranapanema.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 1.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]					

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, Dec. 1.

Option & price		Calls		Puts	
		Dec	Jan	Dec	Jan
[illegible]					

Total volume 404,204

Open interest 4,388,204

r—Not traded. s—None offered. o—Old.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, Dec. 1.

Option & price		Calls		Puts	
		Dec	Jan	Dec	Jan
[illegible]					

Total volume 190,531

Open interest 2,603,766

r—Not traded. s—None offered. o—Old.

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هكذا من الأصل

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Banco di Napoli (London)	$100	1996	0.35	100	—	Over 6-month Libor until 1994 and 0.65 over thereafter. Callable at par in 1994. Fees 0.45%. Denominations $10,000. (Goldman Sachs Int'l.)
Saint George's Finance	$100.	1996	3/16	100	—	Over 6-month Libor. 50% of each note will be repaid in 1994. Average life 6 years. Fees 0.20%. Denominations $100,000. (UBS-Phillips & Drew Securities.)
Fixed-Coupons						
Bank of Tokyo (Curaçao) Holdings	$225	2000	9	102	—	Callable at par in 1995. Fees 2%. Denominations $50,000. Payable Jan. 18. (Bank of Tokyo Capital Markets.)
Sanwa Int'l Finance	$ 50	1996	9⅛	101⅞	—	Callable at par in 1991. Fees 1⅞%. Denominations $100,000. (Sanwa Int'l.)
Sulzer Brothers	$100	1992	8¾	101	100.10	Noncallable. Fees 1⅜%. (Credit Suisse First Boston.)
Feldmuehle Finance	DM 200	1999	8	101¼	100.05	Noncallable. Fees 2½%. (Deutsche Bank.)
WestLB Finance	DM 100	1993	9¾	101¼	—	Noncallable. Final coupon and redemption at maturity may be in marks or in Canadian dollars at a fixed exchange rate of 1.40 marks per dollar. (WestDeutsche Landesbank.)
Wuerth Finance Int'l	DM 100	2000	8	100½	—	Noncallable. Fees 2½%. Payable Jan. 11. (Deutsche Bank.)
Oesterreichische Kontrollbank	ITL 100,000	1992	13	101⅜	100.03	Noncallable. Fees 1⅝%. Denominations 2 million lire. (Istituto Mobiliare Italiano.)
General Electric Capital	ECU 100	1993	9⅝	101¾	101.38	Noncallable. Fees 1⅝%. Payable Jan. 4. (Bankers Trust Int'l.)
GMAC	ECU 100	1993	10	101.80	101.63	Noncallable. Fees 1⅝%. (Swiss Bank Corp.)
Federal Business Development Bank	C$ 35	1992	11⅛	101¼	100.13	Noncallable. Fees 1¼%. Payable Jan. 11. (Banque Int'le à Luxembourg.)
Bowater Industries	Aus$ 100	1992	16¼	101⅜	—	Noncallable private placement. Fees 1½%. (J.P. Morgan Securities.)
GMAC Australia Finance	Aus$ 60	1994	15¼	102	100.35	Noncallable. Fees 1⅝%. Payable Jan. 5. (Hambros Bank.)
Treasury Corp. of New South Wales	Aus$ 350	2006	zero	14.55	14.35	Yield 12.57%. Noncallable. Proceeds Aus$15.7 million. Fees 1⅝%. Payable Jan. 10. (Hambros Bank.)
Caisse Centrale Desjardins du Quebec	¥ 10,000.	1992	6⅜	101⅜	—	Noncallable. Fees 1⅝%. Denominations 100 million yen. (LTCB Int'l.)
C. Itoh Finance (Europe)	¥ 10,000.	1993	8½	101½	—	Noncallable. Redemption amount at maturity will be linked to the performance of the Nikkei 225 index. Fees 1⅝%. Denominations 100 million yen. (Yamaichi Int'l Europe.)
National & Provincial Building Society	¥ 15,000	1993	6.40	101⅝	—	Noncallable. Fees 1⅝%. Denominations 100 million yen. (IBJ Int'l.)
Skopbank	¥ 13,000.	1995	6.70	101⅞	—	Callable at par in 1991. Fees 1⅝%. Denominations 100 million yen. Payable Jan. 9. (Merrill Lynch Capital Markets.)
Société Nationale des Chemins de Fer	¥ 18,000.	1992	6¼	101¼	—	Noncallable. Fees 1⅝%. (Yamaichi Int'l Europe.)
Equity-Linked						
Battle Montaingold	$100	2005	6	100	—	Noncallable. Convertible at $20⅝ per share, a 17.86% premium. Fees 2½%. Payable Jan. 4. (Merrill Lynch Capital Markets.)
Marui	$500	1993	2¾	100	105.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 3,588 yen per share and at 144.15 yen per dollar. Fees 2½%. (Nomura Int'l.)
Nippon Express	$500	1994	3⅝	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,897 yen per share and at 143.95 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Nippon Metal Industry	$100	1993	3	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,138 yen per share and at 144.40 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Nippon Oil	$500	1993	open	100	106.00	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 7. (Nomura Int'l.)
Q.P. Corp	$150	1994	3½	100	107.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 2,235 yen per share and at 144.45 yen per dollar. Fees 2¼%. (Daiwa Europe.)
STC Corp.	$30	2004	open	100	115.00	Coupon indicated at 1¼ to 1½%. Redeemable in 1994 to yield 2½% below the 5-year Treasury note. Convertible after 1991 at an expected 90 to 110% premium. Terms to be set Dec. 5. Payable Jan. 3. Fees 2½%. (Credit Suisse First Boston.)
Sumitomo Realty & Development	$1,000.	1993	open	100	106.25	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (Daiwa Europe.)
Toshoku	$150	1993	2⅞	100	109.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,210 yen per share and at 144.15 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Towa Real Estate Development	$150	1993	open	100	107.00	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 5. (Nomura Int'l.)
Toyo Menka Kaisha	$750	1993	2⅞	100	107.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 991 yen per share and at 144.20 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Aichi Electric	DM 70	1994	open	100	107.13	Coupon indicated at 1⅝%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (Deutsche Bank.)
Daiwa Danchi	DM 300	1993	1⅝	100	109.00	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 7. (WestDeutsche Landesbank.)
D'Urban	DM 100	1994	open	100	108.13	Coupon indicated at 1⅝%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (DG Bank.)
Kitano Construction	DM 150	1993	1⅝	100	100.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,743 yen per share and at 80.73 yen per mark. Fees 2¼%. (Deutsche Bank.)
Kyokuto Boeki Kaisha	DM 50	1993	1⅝	100	101.00	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,446 yen per share and at 80.79 yen per mark. Fees 2¼%. (Daiwa Europe.)
Q.P. Corp	DM 100	1993	1⅝	100	101.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 2,235 yen per share and at 81.38 yen per mark. Fees 2¼%. (Nikko Securities.)
Takashimaya	DM 300	1993	1⅝	100	100.25	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 3,557 yen per share and at 80.57 yen per mark. Fees 2¼%. (Nomura Europe.)
Tobu Stores	DM 150	1993	open	100	108.38	Coupon indicated at 1⅝%. Noncallable. Each 1,000-mark note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 7. (Dresdner Bank.)
Tosoh	DM 200	1994	open	100	107.63	Coupon indicated at 1⅝%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 6. (Deutsche Bank.)

Bonds Slip Despite Push By Reports

Compiled by Our Staff From Dispatches

NEW YORK — U.S. Treasury bond prices fell slightly last week, as a mild rally on Friday failed to overcome earlier losses linked to interest-rate concerns.

The benchmark 30-year bond fell to 102 26/32 from 102 8/32. Its yield edged up to 7.88 percent from 7.87 percent.

Dealers said the credit markets had been anticipating two reports on Friday that showed economic weakness in the United States. Thus, though the market rallied on

U.S. CREDIT MARKETS

news that the Index of Leading Economic Indicators fell 0.4 percent in October and the National Association of Purchasing Management reported the fifth straight monthly decline in production, the gains were limited.

The 30-year bond had closed at a yield of 7.90 percent on Thursday.

Investors have been cautious in recent sessions because of uncertainty over the interest-rate policy of the Federal Reserve Board. Late last month, the U.S. central bank was widely seen as having decided to move interest rates lower, which would combat weakness in the economy by reducing borrowing costs.

But on Monday, the Fed drained money from the U.S. banking system, a move that put upward pressure on short-term interest rates and indicated that the central bank was not changing its monetary policy.

"The Street is still licking its wounds from the battering it took earlier in the week, when many convinced themselves that the Fed was about to slash interest rates," said Robert H. Chandross, chief economist at Lloyds Bank. "Now everyone wants to see a clear signal from the Fed before taking on new positions."

The Fed indirectly added $1.5 billion of temporary reserves to the banking system Friday, but this, too, was expected. Mr. Chandross noted that payment for the $8 billion of 62-month Treasury notes auctioned on Wednesday was settled Friday. The $10 billion of two-year notes sold Tuesday was settled on Thursday, when the Fed also added funds to the banking system.

"Aside from such reserve requirements, we can expect the Fed to add modest amounts of reserves each day this month to accommodate credit needs during the Christmas season," he continued. "These infusions have little, if any, bearing on Fed interest-rate policy."

Still, the consensus among market analysts is that the current level of interest rates is not sustainable because a weakening economy reduces the demand for credit.

Brian J. Fabbri, chief economist at Midland Montagu, noted early last week that while big banks were posting a prime lending rate of 10.5 percent, competing 90-day commercial paper rates were just under 8.25 percent.

Indeed, many corporate borrowers with sound credit ratings now bypass banks, preferring to issue and roll over short-term commercial paper.

Some analysts said the recent rise in gold prices has kept interest rates from declining as much as they might have.

This fall, gold has risen about $60 an ounce, to a close on Friday of $413.60 on the Commodity Exchange in New York. Gold is a traditional hedge against inflation, and its increase could indicate fears of rising prices.

"The message gold has been sending is that of a growing fear the Federal Reserve will ease monetary policy too aggressively and risk reinflating the economy next year," said Lawrence A. Kudlow, chief economist at Bear, Stearns & Co.

Meanwhile, in the short-term end of the market last week, the federal funds rate rose to 8.4375 percent from 8.2500 percent the previous week. The overnight interbank loan rate had been trading at 8.31 percent on Monday afternoon, when the the Fed drained reserves.

(NYT, UPI)

U.S. Officials Urge Better Market Rules

By Kurt Eichenwald

New York Times Service

BOCA RATON, Florida — Two U.S. government officials have strongly advocated changes to address what they called fundamental and structural problems underlying financial markets.

Treasury Secretary Nicholas F. Brady and Richard Breeden, chairman of the Securities and Exchange Commission, appeared Saturday to be trying to reinvigorate proposals for change made after the collapse of October 1987. Possible moves could increase margin requirements, the amount of cash investors must put down for a security, and better coordinate so-called circuit breakers, which are set off if markets drop steeply.

Separately, the directors of the U.S. Securities Industry Association voted Friday to drop the group's longstanding opposition to allowing banks to enter the securities business. Industry experts said the move could lead to significant changes on Wall Street.

The industry association has spent millions of dollars in a decade-long effort to fight attempts to weaken the Glass-Steagall Act, the Depression-era law that is intended to keep commercial banks out of the securities business.

Many of those proposals being re-examined Saturday came from a special presidential panel, which Mr. Brady headed in a study of the market collapse.

Efforts to pass legislation to change the markets have failed in the last two years. But members of Congress and industry executives said they believed such legislation had a stronger chance of being adopted when the legislators reconvene next year than it has before.

Bills have been introduced in both houses that would generally enhance the powers of the SEC by requiring greater disclosure by market participants as well as by making a number of moves to address structures in the financial system that are perceived as flawed.

Securities Industry Association executives, meeting in Boca Raton, welcomed the comments by Mr. Brady and Mr. Breeden as a strong signal that market changes are an important part of the government's agenda.

"If the administration is making these kinds of strong sounds, I think something is going to happen," said Robert N. Downey, a partner with Goldman, Sachs & Co. and the new chairman of the Securities Industry Association. "It's starting to sound like we are going to see market reform."

In their separate statements, Mr. Brady and Mr. Breeden focused on moves that would increase margin requirements, the amount of cash investors have to put up when buying, for example, a futures contract.

They also discussed the need to look at the effects of circuit breakers, saying that these halts should be re-examined to see if there is greater need for coordination between the stock and futures markets.

Increasing the margin requirements on futures contracts was widely advocated after the 1987 market collapse and was urged by Mr. Brady's commission. Current margin rules for stocks require investors to put up 50 percent of the value of the stock in cash, but margins for futures, which are set by the commodity exchanges, have been as low as 2 percent.

In a panel discussion with the industry executives, Mr. Breeden said that the 190.58-point plunge in the Dow Jones industrial average on Oct. 13 indicated that margin requirements on futures need to be changed.

While margin requirements were set ·. 2 percent on the day of the 1987 collapse, the futures exchanges stiffened the requirements to as much as 15 percentin response to pressure. But the requirements were reduced again until, on the day of this year's plunge, the futures exchanges required only a 2.2 percent margin, Mr. Breeden said.

"I think we have a big problem here," Mr. Breeden said. He added that he did not believe that the U.S. government needed to set the margins for the futures exchanges. "We should tell the exchanges that they can set the margins anywhere they want, as long as it isn't below 20 percent," Mr. Breeden said.

In his speech, Mr. Brady also harshly criticized the current system for margins on futures, saying that it led to too much debt by investors. "The resulting financial exposure cannot be confined to a single market, and can spread quickly to affect the entire financial system," he said.

Mr. Brady also dismissed arguments that low margin requirements on futures provide liquidity, or make cash accessible for transactions in the financial system.

The secretary said he planned to make proposals about margins in futures markets to the Working Group on Financial Markets, a panel of officials from the Treasury, the Federal Reserve Board, the Securities and Exchange Commission and the Commodity Futures Trading Commission to coordinate efforts on changes in the markets.

Mr. Brady also said the working group would need to re-examine the circuit breakers, and determine whether there should be greater coordination between the Chicago Mercantile Exchange, which, with the Chicago Board of Trade is the major futures market, and the New York Stock Exchange, on when such market halts should be imposed.

Meanwhile, under the Securities Industry Association's new proposal, banking subsidiaries would be permitted to underwrite corporate securities and commercial paper.

WALL STREET REVIEW

Figures as of close of trading Friday, Dec. 1.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
TexUtil	173817	35⅛	33⅞	35	+¾
Chevrn	160135	70½	65¼	70⅜	+5⅜
PhilMr s	105266	43	41	42¾	+1¼
Navistr	96821	4⅞	3¾	4	+⅛
GenEl	92412	63½	60	63¼	+3⅛
BnkAm	77758	29¼	26⅛	26⅜	—1⅞
Exxon	75508	48⅞	45⅞	48⅞	+2½
NCNB	69327	48⅛	46½	46⅜	—⅛
AT&T	59152	44¾	42⅝	44⅝	+⅝
IBM	57950	100¼	96⅝	97⅛	—3¼
Texaco	57162	55½	53½	55½	+1⅝
BrMySq	53467	57	54¾	56¾	+⅞
GlWFn	52949	19½	17½	18⅛	—1⅛
Bowatr	52474	28¼	27¼	28	+¾
AmExp	51459	36¼	34⅛	35⅞	+1
SmtB eq	50529	40⅞	38½	40¾	+2½
DunBrd	50027	42¾	41¼	41¾	—⅛
FdNM s	49574	43⅛	39¾	40⅝	—1⅛
USX	48808	35	33½	34¾	+1⅛
McDnl s	47321	33⅞	32¼	33½	+⅝
LA Gr s	47043	42	32	33	—8⅞
ChmBnk	45288	32⅞	31½	32	—⅞
GMotr s	44539	44⅞	43⅛	44⅞	+1⅞
PhilPet	43932	24	22	23⅞	+1⅞
EKodak	43756	42⅞	41½	42½	+½

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
Sotnby s	36554	26⅞	20¾	23	—3¼
BAT In	30222	13	12⅞	12¾	+⅛
HomeSh	28306	7⅛	6	6⅝	+⅝
EchoBy	22862	19	18	18¾	—⅛
FruitL	18623	14¼	12	13⅞	+1⅞
Diasonc	13233	4⅛	3⅞	3⅞	—⅛
ENSCO	11711	4	3⅝	3¾	—¼
Atari	11023	10⅞	9¾	10¼	+½
TexAir	10110	13⅞	12¼	12½	—½
A-be sc	9796	13⅛	10¾	12⅝	+2
Amdhl	9759	13	12⅛	13	+⅛
CamCr	9455	20	16¾	19⅞	+2⅞
JanBell	8649	27⅝	25⅛	27⅛	+1⅞
Caron	8083	9¼	8⅞	9¼	+⅛
WDigitl	7629	8⅝	7½	8⅝	+½
WangB	7398	5½	5⅛	5½	+⅜
ICH	7068	6⅛	5⅞	6	
US Bio n	6660	10⅛	6½	9	
PegGld	6605	14¾	13⅝	14½	—¼
BolrPh	6476	17⅝	16	16¾	—¼
DowC rt	6253	8⅞	8⅛	8⅝	—⅜
DWG	6127	14⅝	12⅝	14¼	+⅝
HouOT	6099	1⅜	1¼	1⅜	
A-bmy sc	6073	15⅝	14¼	15⅝	+½
NY Tim	5347	27½	25⅞	26⅛	—½

NYSE Sales

	Sales Vol.
Total for week	802,830,000
Week ago	508,090,000
Year ago	662,700,000
Two years ago	956,430,000
Jan 1 to date	38,684,054,490
1988 to date	37,308,760,000
1987 to date	42,368,640,000

AMEX Sales

	Sales Vol.
Total for week	61,830,000
Week ago	44,300,000
Year ago	59,720,000
Jan 1 to date	2,875,250,000
1988 to date	2,298,330,000
AMERICAN BONDS =	
Total for week	12,020,000
Year ago	10,590,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1203	887
Declined	697	924
Unchanged	269	328
Total Issues	2169	2139
New Highs	199	128
New Lows	120	138

AMEX Diaries

	This Wk	Last Wk
Advanced	426	373
Declined	395	394
Unchanged	183	228
Total Issues	1004	995
New Highs	54	40
New Lows	65	73

Howe Is Keen on U.K. Joining Money System

Reuters

LONDON — The deputy prime minister, Sir Geoffrey Howe, has expressed enthusiasm for full British membership of the European Monetary System, indicating that he does not share Prime Minister Margaret Thatcher's reluctance on the issue.

Speaking in a television interview broadcast Saturday, Sir Geoffrey said Britain would enjoy more influence over European monetary policy when it became a full member of the system, which limits fluctuations among a group of key European currencies.

Although Sir Geoffrey has not had much influence over policy matters since his removal from the foreign office in Mrs. Thatcher's summer cabinet reshuffle, his remarks were more significant for their timing than for their content.

The deputy, who is known to have clashed with Mrs. Thatcher on European issues, was speaking on the controversial issue as the prime minister prepared to face her first leadership challenge next week.

Sir Geoffrey also said, in answer to a question, that there was a "real possibility" that Britain would enter the exchange-rate mechanism of the monetary system, which holds currencies in fixed bands, before the next general election, expected in June 1992.

Mrs. Thatcher has ruled out British membership in the mechanism until "the time is right," a concept that would hinge on Britain's annual rate of inflation falling sharply and on other European countries abolishing exchange controls.

The former chancellor of the Exchequer, Nigel Lawson, resigned in October after a long and bitter dispute with Mrs. Thatcher's chief economic adviser, Sir Alan Walters, over the degree of British involvement in Europe. He was replaced by John Major.

Asked if it was likely that Britain would join the exchange rate mechanism before the next election, Sir Geoffrey replied, "It must be a real possibility, surely yes."

The Conservative Party chairman, Kenneth Baker, on Friday appealed to Conservative members of Parliament to rally around Mrs. Thatcher in the face of a challenge by the maverick member of Parliament, Sir Anthony Meyer. Sir Anthony concedes that he has no chance of victory.

Sir Geoffrey's remarks also coincided with the presence in London of the European Commission president, Jacques Delors, with whom Mrs. Thatcher is at odds over monetary and social issues within the European Community.

Mr. Delors is the architect of a sweeping plan for EC monetary and economic union.

Euromarts At a Glance

Eurobond Yields

	Nov. 29	Nov. 22
U.S. $, 8 yrs & over	8.72	8.75
U.S. $, 5 to 7 yrs	8.65	8.65
U.S. $, less than 5 yrs	8.33	8.30
Pounds sterling, less than 5 yrs	12.83	12.87
French francs, less than 5 yrs	9.76	9.56
Ital. lira, less than 5 yrs	12.39	12.25
Danish krone, less than 5 yrs	10.84	10.87
ECU, 8 yrs & over	9.28	9.29
ECU, 5 to 7 yrs	9.34	9.34
Can. $, less than 5 yrs	11.54	11.03
Aus. $, less than 5 yrs	16.51	16.65
N.Z. $, less than 5 yrs	12.79	12.63
Yen, 5 to 7 yrs	6.02	5.98
Yen, less than 5 yrs	6.15	6.02

Source: Luxembourg Stock Exchange.

Weekly Sales — Nov. 30

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	303.20	475.00	1,757.90	1,159.50
Convert.	—	—	—	—
FRNs	—	265.10	—	65.10
ECP	3,653.10	472.65	9,610.90	2,005.90
Total	3,956.30	1,212.70	11,368.80	3,230.50

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	4,046.40	7,725.30	12,381.80	6,997.70
Convert.	126.90	448.10	454.30	341.30
FRNs	1,126.60	1,926.00	4,833.90	3,153.20
ECP	3,924.50	1,296.30	3,536.50	1,967.30
Total	9,224.40	11,395.70	20,406.50	12,459.50

Source: Euroclear, Cedel.

Libor Rates — Dec. 1

	1-month	3-month	6-month
U.S. $	8¾	8½	8¼
Deutsche mark	8 1/16	8 3/16	8¼
Pound sterling	15⅛	15 3/16	15 1/16
French franc	10⅝	10⅝	10⅝
ECU	10 15/16	10 15/16	10 15/16
Yen	6¾	6 11/16	6 11/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds — Dec. 1

Maturity	Close Bid	Ask	Yield	Wk-ago yield
30.11.91	100 3/32	100 5/32	7.68	7.64
15.11.92	100 4/32	100 6/32	7.69	7.63
30.09.93	101 20/32	101 22/32	7.74	7.67
15.02.95	100 6/32	100 8/32	7.69	7.69
15.10.96	101 4/32	101 6/32	7.78	7.68
15.11.99	100 16/32	100 17/32	7.80	7.79
15.02.06	112 20/32	112 22/32	7.96	7.95
15.08.19	102 25/32	102 27/32	7.88	7.87

Source: Salomon Inc.

U.S. Consumer Rates — Dec. 1

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.23 %
Money Market Funds	
Donoghue's 7-Day Average	8.25 %
Bank Money Market Accounts	
Bank Rate Monitor Index	6.36 %
Home Mortgage, FHLB average	9.74 %

Source: New York Times.

Fidèle...

"Toute de légèreté et de fraîcheur, elle est la compagne idéale de nos promenades gourmandes."

Ambassade d'Auvergne

Aux meilleures tables, exigez VOLVIC.

·VOLVIC·

FIXED INCOME TRANSWORLD FUND

Société d'Investissement à Capital Variable
Siège social : Luxembourg, 2, boulevard Royal
R.C. Luxembourg B-22648.

Messieurs les actionnaires sont priés d'assister à

l'ASSEMBLÉE GÉNÉRALE EXTRAORDINAIRE

qui se tiendra le 22 décembre 1989 à 11 heures en l'hôtel de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg, pour délibérer sur le suivant :

ORDRE DU JOUR

1) Modification des statuts de manière à
   a) les ajuster afin de satisfaire aux exigences de la loi du 30 mars 1988 en ce compris modifier certaines règles relatives aux investissements autorisés et restrictions d'investissements corrélatives ainsi qu'aux Etats, Bourses et autres marchés réglementés sur lesquels les opérations d'investissements peuvent être réalisées;
   b) prendre en considération les modifications de la loi du 10 août 1915 qui sont intervenues depuis la constitution de la société et
   c) faire toutes autres modifications proposées par le conseil d'administration ainsi que toutes modifications nécessaires ou utiles pour satisfaire aux exigences des lois et règlements en vigueur.
2) Démission d'un administrateur, nomination d'un nouvel administrateur.

Le texte complet des Statuts comprenant les changements proposés est disponible et peut être obtenu sur demande au siège social de la Société au 2, boulevard Royal à Luxembourg.

Les décisions sur le point 1 de l'ordre du jour ne pourront être prises qu'à la condition que la moitié des actions en circulation soit présente ou représentée à l'assemblée et qu'au moins les deux tiers des voix des actionnaires présents ou représentés se soient prononcés en faveur de telles décisions.

Pour être admis à l'assemblée, les propriétaires d'actions du porteur sont priés de déposer leurs actions cinq jour francs avant l'assemblée aux guichets de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg.

Le Conseil d'Administration.

EURO: *Bonds Lead Globalization*

(Continued from first finance page)

equity managers, is increasingly being employed by in the bond market. Morgan executives estimated that 20 percent of U.S. bond portfolios are tied to indexes and that the practice is spreading to Europe and Japan.

Until now, the only international bond index was Salomon Brothers' World Government Bond Index, covering 10 markets. The Salomon index includes Denmark and Switzerland, not covered by Morgan — which includes three countries, Spain, Italy and Belgium, not covered by Salomon.

Salomon's index is based on all government bond prices, whereas Morgan will include only those issues that are actively traded. Another difference is the daily compilation of the Morgan index, compared to the monthly publication of the Salomon index.

Both measure changes in local currency and are adjusted for foreign-exchange developments, to give a picture of total performance. For October, the Salomon index showed a year-to-date return of 7.27 percent in local currency, compared with the 8.38 percent of Morgan's index. In U.S. dollar terms, the Salomon index showed a 2.14 percent return, compared with 5.03 percent by Morgan.

There is a presumed marketing advantage to the firm whose index is used by managers — winning business in structuring portfolios to track the index, tailoring the index to particular portfolio managers' requirements and, of course, widening market share in a business that is exceedingly competitive and not very profitable.

Coming three years after the introduction of the Salomon index, Morgan will have a struggle to establish its index, as portfolio managers report tremendous inertia to change from one index to another. But as index-based international bond trading is still in its infancy, there is plenty of new business still to win.

Cross-Border Holdings Of Government Bonds

Foreign-held bonds issued by governments in eleven major countries, in billions of dollars

IHT

Latin American Nations Pay To Keep Bond Issues Afloat

Reuters

LONDON — Commercial bankers may be turning their backs on debt-stricken Latin America, but not so bond investors.

While secondary market prices of bank loans keep falling, reflecting pessimism over the outcome of the continent's seven-year crisis, bonds issued by countries such as Mexico and Venezuela have been gradually marked up.

Market participants say the difference lies in the privileged status apparently enjoyed by the bonds.

"There is a general perception that Eurobond debt is given preferential treatment by debtor nations," one dealer said.

"Capital-market instruments are definitely the place to be in at the moment," another trader remarked.

Often locked in bitter controversy with their bankers, Latin American sovereign borrowers are all the keener to preserve their access to international bond markets.

With few exceptions, they service their bonds scrupulously. This has prompted some participants to hail the high-yield, usually short-dated, dollar-denominated bonds as possible alternatives to increasingly suspect junk bonds.

The market in Latin American bonds may be small and fairly illiquid, but dealers see it as an attractive alternative to the secondary loan market's ever-declining prices.

The opportunities it offers were highlighted last week, when Merrill Lynch Europe launched what it said was the first vehicle for investors keen to put their money into Latin American bonds.

Merrill said shares in the $75 million Sovereign High Yield Investment Co. should pay an annual dividend of around 13 percent.

It stressed the typically excellent payment records on the bonds throughout the debt crisis, as otherwise rescheduling-prone borrowers dutifully honored interest and final payments.

Dealers say punctual and consistent servicing gives bonds a premium of 30 or 40 points over otherwise comparable bank loans.

Even Argentina, which has not serviced its bank debt in over 18 months, has managed not to miss a single payment on government-issued bonds.

Sovereign borrowers traditionally prefer to restructure bank loans, syndicated among a group of large lenders, rather than bond issues.

It is easier to negotiate a rescheduling with a handful of established banks than to track down thousands of bearer-bond holders and make them turn in their securities for new ones.

EUROPEAN AFFAIRS

The European Magazine

Main topics in the current winter issue:

Germany, What Now? *Jochen Thies*

1992

Transformation of National Sovereignty *Irmgard Adam-Schwaetzer*
1992: A Competitive Revolution *George Taucher*
Stony Road to European Banking *Alfred Steinherr*
Don't Jump to (Monetary) Conclusions *Markus Lusser*
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WEEKLY INTERNATIONAL BOND PRICES

Nov 30

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors.

Dollar Straights

Europe pre 1995

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Algemene Bk	9½	94	102	8.56	+66
Austr Control	9¼	94	102¾	8.47	+57
Austro Wheat	9½	93	102¼	8.81	+89
Austri Control	10	91	101⅜	8.61	+87
Austri Control	8½	93	99	8.46	+55
Austria	9¾	93	103½	8.47	+56
B F C E	7¼	91	97⅞	8.56	+65
B F C E	7	92	96⅝	8.52	+62
B F C E	7¼	93	96¼	8.58	+66
B F C E	8⅝	94	99⅞	8.45	+55
B N P	8⅝	94	100¼	8.54	+64
Belgium 2	7½	91	98¼	8.56	+65
Belgium 2	7¾	91	98⅝	8.62	+68
Belgium 2	8½	97	99⅝	8.61	+66
Belgium	8½	93	99⅞	8.57	+60
Belgium 2	8¼	93	99⅝	8.51	+59
Belgium	9½	92	101½	8.45	+55
C B A	9¼	93	101½	8.75	+82
C C C E	7⅝	91	97⅝	8.54	+63
C E P M E	7⅝	91	98¼	8.49	+57
C E P M E	7¼	92	97½	8.47	+57
C N C A	11½	92	105⅜	8.67	+77
C N C A	7¼	91	97¾	8.71	+81
C N C A	9⅝	93	102½	8.58	+65
C N C A	7½	94	95¾	8.70	+78
C N C A	8¾	94	100⅜	8.67	+78
C N T	7	91	97⅞	8.55	+65
Com Bk Austro	10	93	104¼	8.66	+74
Cr Foncier	7¼	94	94⅝	8.58	+68
Cr Foncier X/w	10⅜	91	102⅞	8.52	+64
Cr Foncier X/w	12½	92	109⅞	8.47	+57
Cr Lyonnais	7¾	93	96⅞	8.73	+80
Cr Natl	7¼	91	97⅞	8.45	+55
Cr Natl	7⅝	92	97⅝	8.49	+59
Cr Natl	8¼	93	99⅛	8.44	+53
Denmark	8⅝	91	100¼	8.52	+57
Denmark	8½	91	99⅞	8.58	+65
Denmark	8¼	91	99½	8.54	+62
Denmark	7½	92	97⅞	8.55	+65
Denmark	7¾	93	97¾	8.53	+62
Denmark	8¼	94	98⅞	8.51	+61
E D C	8¼	91	99⅝	8.53	+58
E D C	7¾	93	97½	8.51	+59
E E C	10	93	104⅝	8.35	+44
E E C	7	91	97¾	8.49	+59
E E C	8⅝	91	100.050	8.53	+58
E E C	7¼	93	96⅝	8.46	+55
E E C	8½	93	99⅝	8.49	+58
E E C Oct	12	92	111	8.48	+55
E I B	11¼	93	110⅝	8.49	+56
E I B	12⅝	94	115¾	8.50	+59
E I B	8¼	92	100⅛	8.33	+43
E I B	7¾	93	97½	8.54	+61
E I B 'A'	7⅝	93	97⅛	8.49	+57
Electrolux	9½	94	101½	9.06	+115
Eurofima	9¼	93	102.050	8.53	+61
Exportfin	11¼	92	105⅜	8.67	+77
Exportfin	7¼	92	97⅜	8.64	+74
Exportfin	7¼	93	96⅞	8.58	+65
Exportfin	7⅝	93	97	8.57	+65
Exportfinans	8½	91	99⅝	8.62	+69
Ferrovie Stato	8½	93	99⅞	8.52	+60
Fin Export Cr	9½	91	101¼	8.45	+54
Fin Export Cr	8½	92	100⅛	8.40	+50
Imi Bank Intl	8⅝	94	99½	8.73	+83
Italy	7	91	97⅝	8.46	+56
Italy	9	93	101⅝	8.44	+52
Italy	8½	94	100⅛	8.45	+54
K F W Intl Fin	9	94	101⅝	8.49	+59
N I B	8¼	93	99.050	8.57	+65
New Zealand	7½	91	98	8.74	+82
New Zealand	7⅝	91	98⅛	8.72	+81
New Zealand	8	93	97⅝	8.72	+80
New Zealand	8¼	93	98⅝	8.65	+74
New Zealand	9	94	101.050	8.70	+80
New Zealand	9	94	101.050	8.70	+80
Norway	7¼	91	98¼	8.39	+47
Norway	8¾	93	101¼	8.27	+36
Oest Postspo	10½	94	106¼	8.69	+78
Prov Alberta	7¾	91	98.050	8.47	+57
Queensland	8	91	98¾	8.85	+92
Queensland	7¾	92	96⅝	8.83	+93
Reed Publ	9	94	99⅝	9.01	+113
S E C Victoria	9½	92	101⅝	8.79	+89
S E K	8⅝	91	99¾	8.54	+59
S E K	8⅝	91	100	8.56	+62
S E K	7¼	91	97⅞	8.53	+63
S E K	8⅝	92	99⅝	8.51	+61
S E K	7½	93	97.050	8.51	+59
S E K	7⅝	93	96⅝	8.45	+54
S E K	9	93	101⅝	8.44	+52
S E K	7½	94	96⅜	8.45	+54
S N C F	11½	93	108	8.56	+65
S N C F	7¼	94	95⅞	8.47	+55
Soc Gen Fin	9⅛	93	101½	8.61	+68
St Bk Sth Aust	10⅛	94	102⅞	8.82	+92
St Bk Sth Aust	9¼	93	101.050	8.84	+93
St Bk Victoria	8½	93	98⅞	8.85	+93
Statoil	9¼	92	100⅝	8.81	+91
Statoil	7¾	94	95½	8.94	+103
Sth Aust Govt	8⅝	92	99⅝	8.81	+90
Sweden	10¼	92	104⅝	8.46	+56
Sweden	8	91	97⅝	8.44	+53
Sweden	7	92	97⅝	8.44	+54
Victoria	10	92	103	8.81	+91
Victoria P	11⅜	92	105⅝	8.83	+93
World Bk	11	92	104⅞	8.41	+51
World Bk	12	93	110⅝	8.47	+54
World Bk	12⅝	94	116⅛	8.48	+58
World Bk	12¼	94	114⅝	8.50	+62
World Bk	7	92	97⅛	8.38	+48
World Bk	9	93	102	8.30	+38

Dollar Straights (continued)

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
E D F	9	98	107⅝	8.51	+54
E D F	9⅝	98	104⅝	8.55	+57
E D F	9½	99	105⅝	8.62	+64
E E C	8¼	96	98⅞	8.47	+52
E I B	10	97	107⅝	8.53	+56
E I B	12	95	114⅝	8.56	+67
E I B	7⅝	96	96¼	8.50	+55
E I B	9⅝	97	105	8.45	+48
E I B	9⅝	99	105⅝	8.55	+57
E I B	8½	99	99¾	8.54	+55
Elect Corp N Z	9⅜	96	100½	9.25	+130
Electrolux	10	96	104¼	9.07	+114

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Ford Motor Cr	9¼	92	101⅛	8.42	+72
Ford Motor Cr	10	92	102⅝	8.79	+88
Ford Motor Co	11¼	92	106⅜	8.76	+86
Ford Motor Cr	9½	93	102⅞	8.82	+89
Ford Motor Cr	10	94	104⅝	8.77	+86
Ford Motor Cr	12	95	106½	8.78	+83
Ford Motor Cr	9⅜	96	103¼	8.92	+99
Ford Motor Cr	11	96	109⅝	8.83	+91
G E C	10½	91	102⅜	8.56	+61
G E C	9⅝	96	103½	8.62	+67

Issuer	Mat	Price	Yld Mat	Spd Trsy
Victorian P	99	43½	8.99	+72
World Bk	02	39	10.11	+181
Xerox Credit	92	82¾	9.08	+100

DM Straights

Europeans

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
A D T	6½	95	92½	8.15	+815
A K Z O	5¾	93	93¾	7.43	+743
Abbey Natl	6⅜	96	95¼	7.36	+736
Amro Bank	5¾	94	93¼	7.63	+763
Amro Bank	6⅛	98	91⅞	7.48	+748

UAL Bid Prospect Questioned

Reuters

NEW YORK — The sharp rise in UAL Corp. stock last week, on reports that employees may lead a new bid for the airline concern, may have been exaggerated, according to Wall Street analysts.

UAL shares jumped $12.50 Friday to close at $174 on the New York Stock Exchange after the company confirmed that its chief financial officer, John C. Pope, was going to Japan over the weekend to meet with bankers.

A similar employee-led bid failed in October for lack of financing, and analysts now say that any new deal still awaits support from banks and the pilots' and machinists' unions.

One stock dealer said, "You can certainly view this with optimism — the company is saying it is ready to begin talking to the unions, Jack Pope is going to Japan. But to buy UAL here you would have to be convinced that there is going to be a leveraged buyout, and I think the chances of one are at best 50-50."

UAL disclosed the planned union talks and Mr. Pope's trip to Japan in letters to its employees, one of which laid out the difficulties inherent in any effort to shape a new buyout.

"There are many uncertainties which may affect our ability to complete a new ESOP (employee stock ownership plan) successfully," the letter quoted UAL's senior vice president of human resources, Paul George, as saying.

MUTUAL FUNDS

Figures as of close of trading Friday, Dec. 1

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. †—Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

هكذا من الأصل

BUSINESS BRIEFS

Pinnacle West Gets $4 Billion Offer

LOS ANGELES (NYT) — Pacificorp, an Oregon-based utility, rebuffed in its effort to acquire a utility owned by the Pinnacle West Capital Corp., has offered to buy all of Pinnacle West. The complex proposal, made on Friday, could be worth about $4.26 billion, if the assumption of $2.3 billion-worth of mortgage bonds is included.

Without the mortgage bonds, the deal could be worth $1.96 billion.

Pacificorp originally offered $2.08 billion in cash for Arizona Public Service, an electric company owned by Pinnacle West, which is based in Phoenix. In the new offer, Pacificorp would assume responsibility for Merabank, Pinnacle West's insolvent savings-and-loan unit.

Finacor to Seek End to Asset Freeze

WASHINGTON (AP) — Lawyers for Finacor Anstalt, a Liechtenstein company accused by U.S. authorities of insider trading in ABB Asea Brown Boveri Ltd.'s bid for Combustion Engineering Inc., will make their pitch to overturn an assets freezing order this Friday.

In New York, U.S. District Judge John M. Cannella on Friday extended a temporary restraining order freezing Finacor assets that the Securities and Exchange Commission alleges may be subject to disgorgement.

The SEC, in a lawsuit filed earlier in New York, charged Finacor with making $2.8 million in illegal profit, allegedly using inside information about the $1.6 billion ABB bid for Combustion, announced in November.

Lear Jet Is Looking for Buyers Again

DETROIT (NYT) — Lear Jet Corp. is scouting for potential buyers again after Chrysler Corp. decided against acquiring the U.S. manufacturer of business jets.

The decision by Chrysler removes what many industry analysts believed to be Lear's most promising suitor. Brian E. Barents, Lear Jet's president, said Lear was still for sale.

Among others said to be interested in Lear are British Aerospace PLC and Toyota Motor Sales USA. Toyota and Lear have reportedly signed a confidentiality agreement. Lear was put up for sale in August by its troubled parent, Integrated Resources Inc.

Kellogg Profit to Be Below '88 Level

BATTLE CREEK, Michigan (Reuters) — Kellogg Co. expects 1989 earnings to fall short of last year's $3.90 per share. The estimate excludes a gain from a change in accounting for taxes implemented in January 1989, which resulted in a one-time credit of $48.1 million, or 39 cents a share.

Kellogg said Friday that its ready-to-eat cereal volume in the United States continued to fall short of expectations. However, it has introduced new products and is planning further introductions for early in 1990.

In international markets, Kellogg said it continues to experience substantial growth. Last week, Nestlé SA, the world's biggest food company, and General Mills Inc. of the United States announced a joint venture to sell breakfast cereals in Europe, a move expected to pressure Kellogg.

Hong Kong Investor Drops Deal

NEW YORK (NYT) — Lo Yuk-sui, a Hong Kong real estate owner and developer, has abandoned his plan to acquire the L.J. Hooker Corp., an Australian developer with large retailing interests in the United States.

Hooker, which owns the B. Altman and Bonwit Teller stores, is in provisional liquidation in Australia and in Chapter 11 bankruptcy proceedings in the United States. Mr. Lo said the situation at Hooker had changed considerably since August, when he proposed a rescue for the company.

Hooker also said Friday that a U.S. bankruptcy court had approved the sale of its Merksamer Jewelers unit to a management team led by Samuel J. Merksamer. Hooker valued the deal at more than $60 million.

Toyota Places 1st in Japan Profit List

TOKYO (AFP) — Toyota Motor Co.'s 308.1 billion yen ($2.15 billion) profit for the six months ended Sept. 30 made it Japan's top pretax profit earner in the period, according to a private economic research institute.

It was the third consecutive semi-annual period in which Toyota, Japan's No. 1 automaker, topped the list, said Wako Economic Research Institute. Wako surveyed 1,576 companies on the Tokyo Stock Exchange.

Nomura Securities Co., Japan's leading stockbroker, was second, with pretax profit of 248.9 billion yen, followed by Nippon Telegraph & Telephone Corp., which earned 203.1 billion yen.

For the Record

Three major Danish banks have agreed to merge to create Denmark's second-biggest bank, the state-run Danish television station reported Sunday. The three were named as Privatbanken A/S and Andelsbanken A/S, both commercial banks, and Sparekassen SDS A/S, Denmark's largest savings bank. None of the three made any announcement and spokesmen could not be contacted for comment. There have been rumors recently of such a merger. *(Reuters)*

Rheinisch-Westfälisches Elektrizitätswerk AG, said group profit in the year through June 30, 1989, fell 2.6 percent from the previous financial year, to 746 million Deutsche marks ($418.7 million). RWE blamed the downturn on a 384.6 million DM expense to acquire Harris Graphics Corp. Group sales rose 45.1 percent, to 38.97 billion DM. *(Reuters)*

Abu Dhabi's Oil Output Put at 2 Million Barrels

Compiled by Our Staff From Dispatches

ABU DHABI — Abu Dhabi, the biggest oil producer in the United Arab Emirates, raised output during November to more than two million barrels per day, oil industry sources said Sunday.

Abu Dhabi Co. for Onshore Oil Operations produced about half this, and total output of the emirates in November could have exceeded 2.5 million barrels per day, the sources said.

Last week, the Organization of Petroleum Exporting Countries agreed to a first-half 1990 quota ceiling of 22 million barrels per day for its 13 members, but said actual output was likely to be 22.5 million barrels after to overproduction by the emirates and underproduction by others. The emirates has said it wants a higher quota than its alloted 1.1 million barrels.

Meanwhile, Egypt, which is not an OPEC member, has raised its crude-oil prices by 25 cents a barrel across the board, government officials said Sunday in Cairo.

In a separate development, Colombia on Sunday announced changes in its petroleum policy.

Contracts between the state company, Ecopetrol, and more than 50 foreign companies were changed to allow the government's profit to increase in proportion with oil production, Ecopetrol said.

Under the old rules, foreign companies were required to pay exploration costs and to share exploitation costs with Ecopetrol. In return, they received 50 percent of an oil field's profits.

Now, foreign companies' profits stay at 50 percent from deposits producing up to 60 million barrels annually. But foreign companies would receive only 45 percent of the profit from a field producing 60 million to 90 million barrels annually. *(Reuters, AP, AFP)*

ENGINE: *U.S. Firms Join Project*

(Continued from first finance page)

mind "is a horse of a different color," he said.

Besides, the spokesman added, Pratt & Whitney would have to obtain U.S. government permission to export significant engine technology to Japan.

Whether the pact is beneficial to U.S. interests or not "depends on how the deal is structured," said Clyde Prestowitz, a former U.S. trade official and prominent critic of Japanese economic practices.

"NASA is pouring money into this technology, and U.S. companies and Rolls-Royce are way ahead, so there is clearly the possibility for very substantial technology transfer to Japanese companies," he added.

"On the other hand, the Japanese are pouring substantial amounts of money into developing a hypersonic airplane, too. And we have often complained that Japanese projects are not open to foreign bidders, and now they're saying, 'O.K., we're open.'"

French Employers Chief Sees Moves in the East

François Perigot, president of the French employers association, Patronat, is to lead a major French trade delegation to the Soviet Union this week. He is to be in Brussels on Monday for a meeting of European Community employers' groups that is expected to urge acceleration of West European economic integration in response to the momentous changes in Eastern Europe. He talked with Reginald Dale, the International Herald Tribune's economics correspondent.

Q. What are you hoping to achieve in the Soviet Union?

A. If French companies can help to liberalize the Soviet economy, by our investments, our know-how, our financing and our products, then we must be there.

And we have obligations to our shareholders to be abreast of any new market that opens up. So we must be present in the Soviet Union much more massively than we are today.

Q. Does the Soviet Union need to make further changes to attract Western investment?

A. The Soviet Union has for some time been looking for more flexible forms of investment to attract Western capital. That's why they set up joint ventures under which, in exchange for bringing in capital and know-how and manufacturing locally, Western companies can sell outside the Soviet Union, a little like an offshore operation. Now one can sell more on the internal market.

It's evolving very fast. The difference between the first joint enterprises of two years ago and those of today is like day and night. The facilities available today are much greater than two years ago.

François Perigot

Q. What changes would you like to see in Eastern Europe?

A. The situation in Eastern Europe varies a great deal from country to country. There are some like East Germany, in which we've been working for a very long time, that are very easy to penetrate.

For French companies that have branches in West Germany, access to East Germany is very easy. West Germany is an incredible jumping-off point.

Then there are countries that are very much behind, like Poland. One can't make long-term investments or conduct important business in Poland in the absence of a certain number of basic elements, such as market structures and financial guarantees.

The political authorities must deal with these things. For example, the last meeting of the 12 EC leaders discussed a European bank precisely to grant companies credits to work in these countries.

Q. Are you worried by the prospect of a reunited Germany?

A. There's always concern over the creation of new, more competitive markets because they can give birth to more dangerous competitors. But I think the formation of the single European market after 1992 is an even weightier event than the reunification of the two Germanys.

It's true that de facto reunification poses a problem. But there are plenty of European companies in the EC, in West Germany, that should be smart enough to profit from the new economic space that will be created between East and West Germany. It's not closed; it's perfectly open.

That's why we have every interest in accelerating the construction of Europe so as to give West Germany a certain number of obligations toward its West European partners. But there is no reason to be terrorized by reunification.

Q. Is French industry ready for the post-1992 single market?

A. I think that in general we'll be ready. There are still some industrial sectors that pose more problems than others, such as cars, textiles and electronics, which need more time to become competitive.

But the danger for them is not so much from the other EC countries. The danger would come from a common EC external policy that did not properly protect the community's periphery from unfair competition by countries outside.

Our Brussels meeting will try to draw the EC leaders' attention to the urgency of finalizing Europe. But we will also remind them that finalizing Europe includes fiscal harmonization, a realistic social policy and a solid common external policy.

Q. Doesn't that sort of talk make people outside the community afraid of a "Fortress Europe?"

A. I was in the United States less than a month ago, and I think there's less and less fear of it. When one looks at reality, one sees that Europe is already the most open continent in the world, with a higher percentage of world trade than Japan or the United States. The accusation of a closed market is thus in itself a false accusation.

Q. Are some political leaders in Washington right to regard France as the main protectionist influence in the community?

A. No. Britain and West Germany do not have the same vulnerable sectors that still exist in France and in the other Latin countries in general. It's also true that France has a stronger tradition of central control, and that the French, like the Spanish, always react when faced with completely open international competition.

But provided the rules of GATT are respected, the rules on unfair competition, nondiscrimination and so forth, the few precautions sought by certain sectors, like textiles, cars and electronics, will be temporary.

Q. Would French industry like the franc to be devalued against the Deutsche mark to make exports more competitive?

A. French companies today want a strong currency. They no longer want the devaluations that gave them an illusion of achievement for three months, after which they woke up to a situation that was worse than before.

French *chefs d'entreprise* are not the whiners they may sometimes have been in the past, always begging for state aids, subsidies and devaluations.

UNIVERSAL: *Pollock Gets Rave Reviews as Chairman of Film Studio*

(Continued from first finance page)

ships. Every studio does some of both. We tended to depend somewhat more on relationships. 'We said, 'So-and-so is a good writer and I want to be in business with him.'"

Because Mr. Pollock had been a partner in the entertainment law firm of Pollock, Bloom & Dekom, he had represented some of Hollywood's top talent, including the directors George Lucas and Ron Howard and the actors Arnold Schwarzenegger and Tom Cruise.

It was logical that Mr. Pollock would attempt to turn his relationships into deals. One of the most successful and controversial deals — which raised the hackles of many industry executives — was for the film "Twins," directed by Ivan Reitman and starring Danny DeVito and Mr. Schwarzenegger.

Rather than paying the stars fees and a percentage of profits after Universal had recovered its own investment, which is common practice, Mr. Pollock agreed to share the risk. The stars and the director got no money up front, receiving instead a shared 35 percent of Universal's gross on the film.

That meant the trio would begin getting money before Universal could even recoup its production and marketing investment.

Mr. Pollock acknowledged that it was a rich deal for Mr. Reitman and the actors, but he argued that by agreeing to share the risk with them he cut costs. There were no exorbitant fees for actors and directors.

As it turns out, Universal appears to have done fine with "Twins." The film cost $15 million to make and ultimately about $35 million to bring to market. Mr. Pollock expects the film to bring about $150 million to Universal, of which the studio will keep two-thirds and the talent will keep the balance.

"Now everyone wants a 'Twins' deal," said one executive at a rival studio.

But if Mr. Pollock's forte seems to be deals, he is also a film junkie,

In a film industry where studio executives can come and go with dizzying speed, all at once Tom Pollock is hot.

and it is this that has contributed to his abilities as a "picker." He says that he has always read scripts, believing it to be part of his job as an entertainment lawyer.

"Tom followed the business very carefully," a longtime associate said. "He always knew what film had opened over the weekend and just how it had done at the box office."

That close involvement with clients did not hurt in making a deal with Ron Howard and his partner, Brian Grazer, who run Imagine Films, a small publicly traded movie company. Their hit movie "Splash" had made them hot talent. With the help of Mr. Pollock, then their lawyer, they took the company public in early 1986.

As Mr. Grazer recalls it, in November 1987, when Mr. Howard was directing "Willow," a number of studios approached the two about distributing Imagine's films.

Mr. Grazer liked the fact that "MCA had very few films then, so our films would get lots of attention." So Universal made a deal to distribute Imagine's films.

Mr. Pollock concedes that the arrangement was very attractive for Imagine. Although he will not disclose the terms, he says that by industry standards Imagine got high fees for producing movies as well as a high percentage of the films' profits.

Mr. Grazer said that under the deal Imagine had to present every idea it had to Mr. Pollock first. Sometimes it could be as short as a two-line concept.

For example, Mr. Pollock agreed to the movie "Parenthood" based on Mr. Grazer describing it as a comprehensive comic look at parenting with Steve Martin. "Parenthood" has grossed $94 million at the box office so far, of which Universal has kept about half.

Still, no matter how shrewd the deal-making, there are no sure bets in Hollywood. About a year ago, Mr. Grazer went to Mr. Pollock with another two-liner. He wanted to make a film about the rock singer Jim Morrison and the Doors.

Mr. Pollock turned the project down, deciding that the potential production cost was too high. Imagine went to Caralco Pictures.

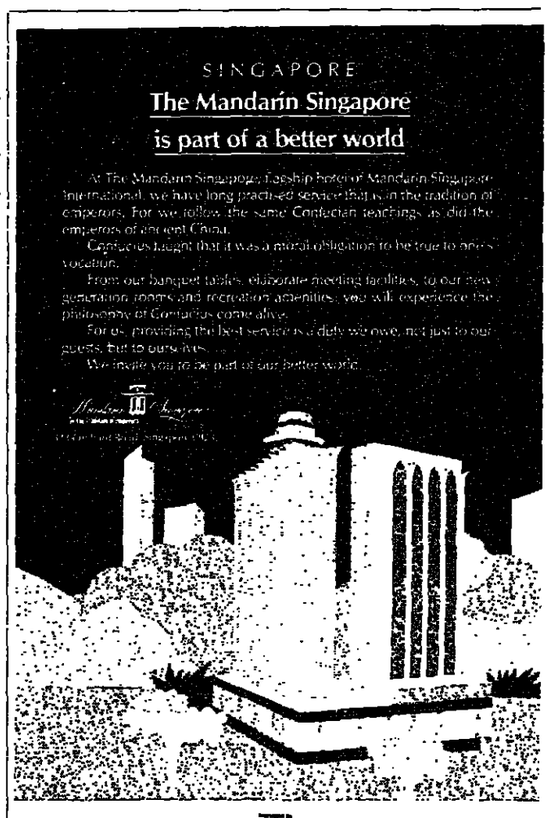
And Mr. Pollock has made his share of mistakes. For example, when he first joined Universal, he decided the studio would make "Moon Over Parador," a project already in development.

Paul Mazursky was scheduled to write and direct it. "He had just made 'Down and Out in Beverly Hills,' and it was very funny," Mr. Pollock said. "We thought this would work. It didn't."

He also erred when he turned down the script for "Moonstruck." MGM/UA Communications made the movie instead, and it won three Academy Awards.

Nor can Mr. Pollock take credit for "Back to the Future, Part II." Mr. Spielberg's company, Amblin' Entertainment, has an agreement with Universal to produce his films, so he would have done "Back to the Future, Part II" at Universal in any case.

Mr. Pollock said that relations have been restored with Amblin' since Mr. Price's departure. This has probably helped pave the way to other films that Mr. Spielberg is making with Universal, including "Always."



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2 Executives Of Cineplex Forced Out

By Kathryn Harris
Los Angeles Times Service

LOS ANGELES — Two long-embattled executives at Cineplex Odeon Corp. who had offered to buy the movie theater concern for $700 million but could not secure the financing have been forced to leave the company.

The ouster of the chairman, Garth H. Drabinsky, and the vice chairman, Myron I. Gottlieb, ended an eight-month ordeal that began when the two tried to seize control of the company without the blessing of its largest shareholder, MCA Inc.

The departures Friday, however, will not immediately solve Cineplex's financial problems. As of Sept. 30, Cineplex said it had $580.6 million in long-term debt, with only $12 million available to borrow under its existing credit lines.

Mr. Drabinsky ends a 10-year reign at the movie theater chain he helped start in the basement of a Toronto shopping mall. But his removal was not unexpected by friends and detractors alike, who recall that in 1982 Mr. Drabinsky almost lost control of the company.

Cineplex was then on the verge of bankruptcy, but made a comeback with the help of big investors. It now ranks as the second-largest chain in North America.

Mr. Drabinsky built the company through costly acquisitions, however, and spent too much on building ornate theaters, critics say.

Cineplex has been valued at $300 million to $400 million, far below the $700 million price assigned by Mr. Drabinsky, who failed to find financing for a bid of $14 a share.

Cineplex shares fell last week to a 52-week low of $7, but rose 12.5 cents Friday to close at $7.125 on the New York Stock Exchange.

Cineplex directors named a senior Cineplex official, Allen Karp, to run the company as president and chief operating officer. Mr. Karp has been president of the theater division since August 1988.

The Cineplex board also appointed a new chairman, E. Leo Kolber, who has long been associated with the Charles R. Bronfman clan. The Bronfmans hold the second-largest block of Cineplex shares.

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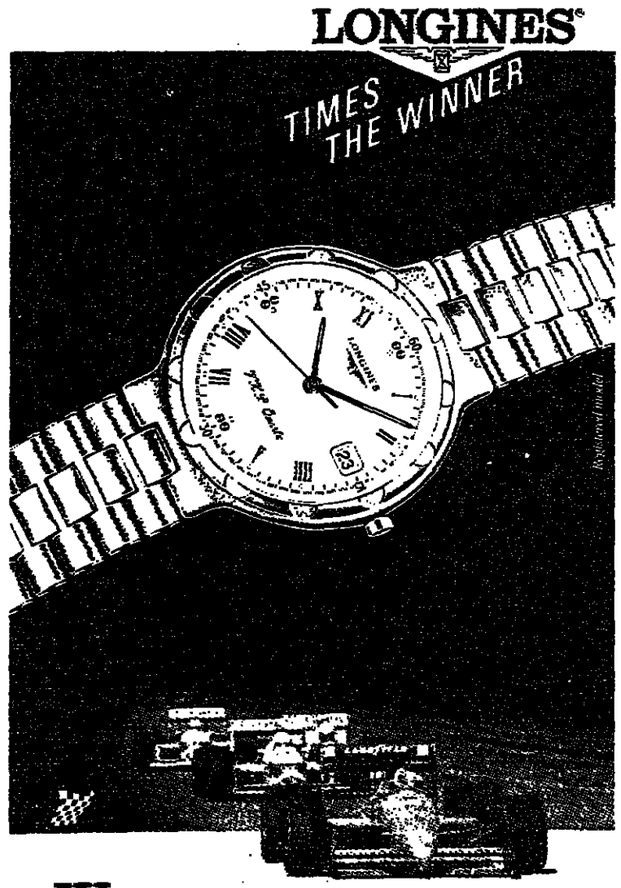
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MONDAY SPORTS

Houston's Ware Wins Heisman Trophy

By Robert M. Thomas Jr.
New York Times Service

NEW YORK — Andre Ware, the University of Houston quarterback whose reverberating passing exploits had been all but drowned out by a chorus of derision, has been named the winner of the 1989 Heisman Trophy as the outstanding U.S. college football player.

The announcement at the Downtown Athletic Club in New York came as Ware, who already had set six National Collegiate Athletic Association passing records and tied two others, was providing a ringing finale to a spectacular season by leading the Cougars to a 64-0 victory Saturday at Rice.

That is where John W. Heisman ended his 36-year coaching career in 1927.

Ware completed 36 of 51 passes at Rice for 400 yards, two touchdowns and seven more records, bringing his season's total to 15.

In the 11-game season, he completed a record 365 passes in 578 attempts for a record 4,699 yards and 46 touchdowns, one short of the mark set by Jim McMahon at Brigham Young in 1980.

In the balloting by more than 700 of the 918 eligible voters, Ware amassed 1,073 points, drawing 242 first-place votes (worth 3 points apiece), 132 second-place votes (2 points each) and 83 third-place votes (1 point).

The runner-up was Anthony Thompson, the Indiana running back, who had 1,003 points, with 185 first-place votes. The 70-vote difference made this the fourth closest Heisman vote.

Next came Major Harris, West Virginia's quarterback (709 and 115); Tony Rice, Notre Dame's quarterback (523 and 72) and Darian Hagan, Colorado's sophomore quarterback, (292 and 52).

Ware, a 6-foot, 2-inch and 205-pound (1.87-meter and 93-kilogram) junior who has said he plans to stay in school next year so he can graduate — and perhaps win the 1990 Heisman — is the second junior in a row to win the award and the ninth in its 55-year history.

Last year's winner, Barry Sanders, an Oklahoma State running back, now plays for the Detroit Lions of the National Football League.

Partly, perhaps, because he hadn't been prominently mentioned as a Heisman candidate by preseason pundits, Ware had to overcome constant sniping. He was accused, for example, of putting up big numbers against weak teams and of having an arm of clay against strong opponents.

Some opponents, however, seemed weak only in light of their showings against Houston. How good could a team be, after all, that loses a game by a score of 66-10?

But Baylor, which did just that against Houston on Oct. 7, had the nation's top pass defense at the time, ended up with the 10th best and gave up just eight touchdown passes all season, six to Ware.

And when Ware's output declined against truly tough teams, it was to levels many quarterbacks would envy: 247 yards and one touchdown in a 17-13 loss to Texas A&M, 352 yards and three touchdowns in a 46-34 loss to Arkansas.

In what amounted to guilt by association, Ware was also not acknowledged because Houston was on probation, and off television, this season, the result of violations committed before Ware arrived.

He was even faulted for his part in a 95-21 victory over the first Southern Methodist team fielded after a two-year ban.

Aside from the fact that Ware played only 12 minutes, completing 25 of 41 passes for 517 yards, six touchdowns and three NCAA records, the complaint struck some as outlandish in the context of the Heisman Trophy, which is named for the man who coached Georgia Tech to its famous 222-0 victory over Cumberland in 1916.

Ware's statistics were also dismissed on the ground that he had an unfair advantage over other quarterbacks because Houston uses the pass-oriented run-and-shoot offense.

Aside from his observation that the Detroit Lions had been using the same offense with a notable lack of success, Ware's standard rejoinder was to throw more passes for more yards and more touchdowns.

As the season wore down and he showed no sign of letting up, the criticism waned.

By most accounts, he clinched the trophy over the Thanksgiving weekend when Indiana's Thompson and Notre Dame's Rice turned in lackluster performances in their final games while Ware was having what he called an average day against Texas Tech: 475 yards and four touchdowns.

Ware, an only child who was 7 when his father died, grew up just west of Houston, where his mother, Joyce, is a postal worker.

AP

Andre Ware

Although he could have attended Houston on scholarship, at the cost of a year's athletic eligibility, he attended a nearby junior college instead, supporting himself by working at a fast-food restaurant and in the local post office.

The game against Rice wasn't the only conflicting engagement that kept Ware away from New York. He had previously accepted an invitation to attend a Little League baseball banquet in Dickinson, Texas.

No. 2 Alabama's Title Bid Upset by Auburn, 30-20

Compiled by Our Staff From Dispatches

When it was over, both coaches were close to tears.

Pat Dye, who before the game had read to his players an emotional letter from a lifelong Auburn fan, said it "may have given us that extra spark we needed."

Bill Curry nearly couldn't get out the words to describe the pleasure this Alabama team had given him.

Unfortunately for Curry, what the Crimson Tide still hadn't given him was a victory over Auburn, and it didn't Saturday afternoon in a 30-20 loss in front of a record 85,319 roaring fans at Jordan-Hare Stadium in Auburn, Alabama.

The Tigers reeled off 20 consecutive points in the second half to slap the second-ranked and previously unbeaten Crimson Tide with its first loss in 11 games and create a three-way tie for the Southeastern Conference title between Auburn, Alabama and Tennessee. All finished with 6-1 conference records.

The Crimson Tide — the highest ranked SEC team — was still invited to play No. 4 Miami in the Sugar Bowl, but had seen its hopes of a national title almost surely dashed by Auburn. The Tigers (9-2) were headed for the Hall of Fame Bowl to play No. 21 Ohio State, and Tennessee (10-1) accepted an invitation to the Cotton Bowl to play No. 9 Arkansas.

Dye, with this victory, has now won or shared three straight SEC championships, joining only Bear Bryant of Alabama, Vince Dooley of Georgia and Robert Neyland of Tennessee with that distinction.

The Tigers rallied from a 10-7 halftime deficit with a dominating second half. They got a spectacular game from all-SEC quarterback Reggie Slack, who completed 14 of 26 passes for 274 yards. Alexander Wright caught seven for 141 yards, and the passing game opened room for tailback Stacy Danley, who rushed 28 times for 135 yards.

When Auburn took the opening kickoff and drove 68 yards for a touchdown, it was Slack's 34-yard pass to Wright that was the big play.

When the Tigers scored on their first possession of the second half, he threw a 58-yarder. A possession later, Wright caught a 60-yarder.

The contest turned quickly in the third quarter. The Crimson Tide took the second-half kickoff and drove from its 33 to the Auburn 30. On third and one, quarterback Gary Hollingsworth missed an open receiver across the middle and Curry, playing conservatively, opted for a field goal. Philip Doyle's 48-yard kick was short.

That proved to be the end of Alabama. A play later, Slack threw to Shane Wasden for 58 yards and Auburn dominated the rest of the way, driving 69 yards for a touchdown, 69 yards for a field goal, then 80 yards for a touchdown and a 24-10 lead with 13:04 to play.

Alabama made one last run, but after scoring 10 points failed to recover an onside kick with 1:49 left.

"We just made too many mistakes," said tailback Siran Stacy, who was held to 54 yards on 14 carries after averaging 102 yards in his first 10 games. "It was a big game and we knew it."

No. 8 Tennessee 17, Vanderbilt 10: Carl Pickens, a red-shirted freshman who plays both offense and defense, caught a four-yard touchdown pass to tie the score late in the third period, then set up Tony Thompson's one-yard, game-winning touchdown with an interception at his team's 30 to help avoid an SEC upset in Knoxville, Tennessee.

Thompson gained 128 yards on 33 carries against the Commodores (1-10). He was replacing Chuck Webb, Tennessee's leading rusher, who was injured the previous game.

No. 6 Florida State 24, Florida 17: Peter Tom Willis passed for 319 yards and three touchdowns as the Seminoles (9-2) silenced the second-largest crowd in Florida Field history, 75,124. The Gators (7-4) stopped the Seminoles' running game and Florida's Emmitt Smith ran for 153 yards, but the big number was the 258 yards in penalties against the two teams, 202 by halftime.

No. 9 Arkansas 38, Southern Methodist 24: Quarterback Quinn Grovey and tailback James Rouse ran for fourth-quarter touchdowns in Little Rock, Arkansas, to help avoid an embarrassing loss.

No. 24 Pittsburgh 46, Rutgers 29: Curvin Richardson rushed for 98 yards and a touchdown and caught two TD passes from Alex Van Pelt in the Emerald Isle Classic in Dublin.

A crowd of 19,800 at Lansdowne Road Stadium attended the second U.S. college football game played in Ireland. Last year, Boston College defeated Army, 38-24.

Syracuse 24, Louisville 13: Third-string quarterback Wendal Lowrey, a first-year player in Sunday's game only because of injuries, threw scoring passes of 64 and 79 yards to Rob Carpenter in the fourth quarter to give the Peach Bowl-bound Orangemen (7-4) a victory before about 50,000 in the Coca-Cola Bowl in Tokyo. Louisville ended its season at 6-5.

Georgia Tech 33, Georgia 22: Jerry Mays ran for 207 yards and scored twice as Tech (7-4) upset Peach Bowl-bound Georgia (6-5).

(WP, AP, UPI)

Arizona Humbled by Oregon State

The Associated Press

Oregon State handed the second-ranked Arizona Wildcats their second straight Pac-10 loss in the state of Oregon on Saturday, 84-61. The University of Oregon beat Arizona 68-63 Thursday night.

Saturday night's loss was the worst since Lute Olson took over as Arizona coach in 1983.

"You'll see a different Arizona team in January, I guarantee it," Olson said, then turned his attention toward Oregon State: "I don't think there's any question that they're the best team in the conference."

COLLEGE BASKETBALL

No. 1 Syracuse 73, No. 16 Temple 56: Syracuse held Temple without a field goal during an 11-minute stretch in the second half as the Orangemen won their Carrier Classic.

The Owls led 42-41 when the cold spell began and trailed 58-47 when it was over.

No. 3 Georgetown 114, Florida International 67: In Landover, Maryland, Antoine Stoudamire scored 24 points, including 13 straight in a second-half run for Georgetown.

No. 4 Kansas 86, Maryland-Baltimore County 67: In Lawrence, Kansas, Kevin Pritchard's 15 points paced Kansas (6-0), which fell behind 8-2, tied the score 10-10 and led 30-17 with 8:53 left in the first half.

No. 5 Missouri 78, Tennessee-Martin 58: In Columbia, Missouri, Anthony Peeler scored 15 points and Nathan Buntin had 14 for Missouri.

No. 7 Duke 103, Northwestern 77: Christian Laettner had 23 points and Robert Brickey and Phil Henderson 22 each for Duke.

No. 8 Illinois 82, Chicago State 62: Ervin Small had 15 points and center Andy Kpedi blocked five shots as Illinois won easily.

No. 9 LSU 85, McNeese St. 49: Chris Jackson had 27 points as LSU won for the first time since losing to Kansas in the preseason NIT.

No. 10 Michigan 101, Iowa St. 78: Rumeal Robinson had all but four of his 22 points in the second half, spoiling Johnny Orr's homecoming. It was Orr's first trip to Crisler Arena since leaving Michigan to take the Iowa State job before the 1980-81 season.

No. 12 N. Carolina 92, Cent. Florida 42: North Carolina (3-2) ended a two-game losing streak, getting 14 points from Hubert Davis.

No. 13 Louisville 84, Notre Dame 73: LaBradford Smith had 20 points for Louisville (3-1), which broke away from Notre Dame in the second half with a run of 12 straight points. Smith had five in the streak.

No. 14 Indiana 71, Kentucky 69: Pat Graham had two 3-pointers as Indiana (3-0) ran off 16 straight points to catch and beat Kentucky. Kentucky cut an 11-point deficit to two points in the final 10 minutes.

Jason Lee/The Associated Press

Georgetown's Mark Tillmon and Cesar Bocachica aiming high.

Track Body Tightens Drug Rules

New York Times Service

WASHINGTON — Delegates to the annual convention of The Athletics Congress, the sport's governing body in the United States, have approved measures designed to tighten controls against the use of banned substances.

The actions were passed as addendums to the year-round drug-testing program begun by TAC in October and bring TAC into compliance with regulations approved three months ago by the International Amateur Athletic Federation.

The total package gives TAC the most comprehensive drug-testing program among the 41 national governing bodies of sports within the United States Olympic Committee. Among the latest measures were these:

An athlete who tests positive for any banned substances is suspended immediately and identified publicly (until now, confidentiality was maintained until an appeal was completed, and at that point, the athlete was identified only if a suspension was imposed); when the test results show a certain level of testosterone, a male sex hormone, suspension is automatic, and the burden of proof to show that the higher level is normal shifts to the athlete; appeals may proceed only upon the athlete's ability to convince a hearing panel that compelling evidence exists to show the finding incorrect.

Common excuses of the past, such as "I didn't know what I was taking," are no longer accepted as legitimate grounds for appeal.

Comaneci Fled Without Farewells

The Associated Press

LONDON — Nadia Comaneci was quoted Sunday as saying that she fled Romania without even a farewell to her parents.

The newspaper Mail on Sunday said it had interviewed the star gymnast in New York on Saturday night. It did not reveal her current whereabouts.

"I could tell no one I was escaping," she was quoted as saying. "I could not say good-bye to my parents. I even had to lie to my brother. I was frightened, of course I was. I was scared of being picked up by the Romanian authorities. My fear was kept at bay by my determination."

The newspaper said Comaneci's defection was arranged by Constantine Panit, whom it identified as a California builder. A Konstantin Panit accompanied Comaneci at a New York news conference on Friday, and Romanian exiles said Comaneci would stay with Panit and his family in a community of Romanians in south Florida.

"Konstantin, whom I met two years ago, came to Romania on Nov. 6 and secretly mentioned his plan to me at the birthday party of a friend," the newspaper quoted the 28-year-old Comaneci as saying.

"And last Sunday night we decided to make it work. We left my parents' home in Bucharest and in a hire [rental] car headed for the town of Timisoara near the Hungarian border."

Six friends crowded into the car, Comaneci was quoted as saying, and Panit dropped them off 10 miles (16 kilometers) from the Hungarian border.

"It was midnight when we started out, walking through mud and open countryside. We were stumbling and often crawling through water and ice."

"I was wearing my ordinary clothes, a pair of trainers [running shoes] and a denim jacket with jeans. They are the same clothes I am in now. I could not bring nothing else with me, not even my precious gold medals or a photograph of my family."

The newspaper quoted Comaneci as saying they saw no border guards but heard their dogs barking in the distance. It said it took them six hours to reach the border after they had veered miles off their planned route. They were stopped by a Hungarian border patrol and taken to police headquarters at Szeged.

"They put us in a room and interviewed us for two hours," she was quoted as saying. "We never said we wanted to leave Hungary. We never let on we were planning to go to the West. I didn't know what would happen if I said I wanted to go to America. We had to lie."

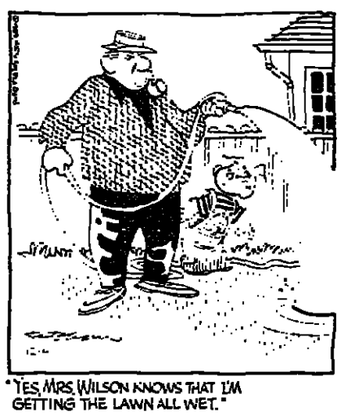
The Hungarians gave them identity papers, but early Wednesday morning they fled to Austria, she said. The U.S. Embassy was closed, and officials told them to come back the next morning. By that time, news reports had alerted them to her defection, she said.

At age 14, Comaneci became the first gymnast to score a perfect 10 at the Olympics.

A. Trawnik/The Associated Press

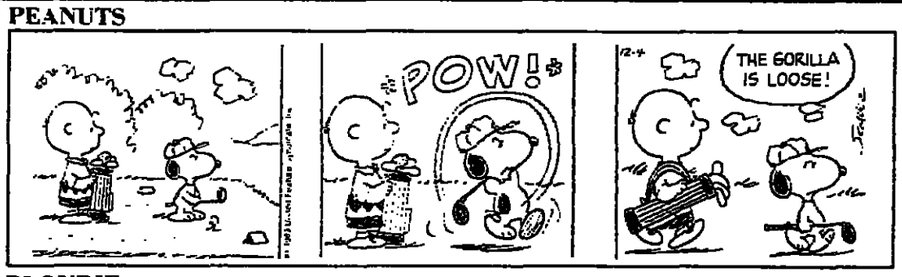
MOVING UP — Günther Mader of Austria (above), 25th in last year's World Cup standings, edged Ole Christian Furuseth of Norway in Saturday's giant slalom *(see Scoreboard)* **in Mont Sainte Anne, Quebec. And in Vail, Colorado, Regine Mösenlechner of West Germany, who had never won a cup race in 15 years, skied to a startling super-giant slalom victory.**

DENNIS THE MENACE



"YES, MRS. WILSON KNOWS THAT I'M GETTING THE LAWN ALL WET."

PEANUTS



ANDY CAPP

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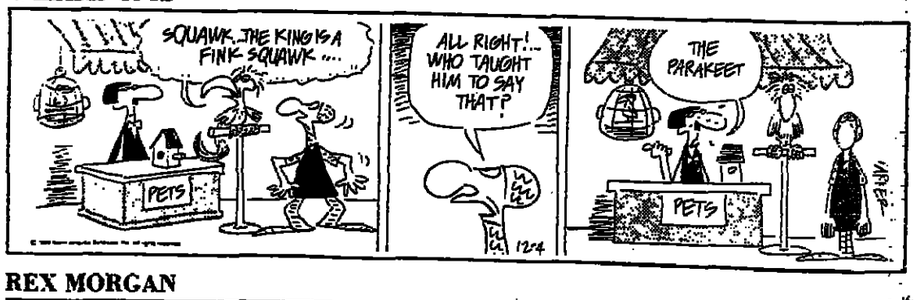
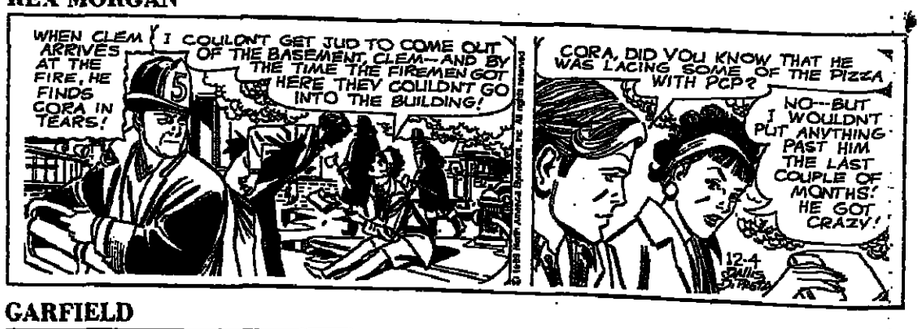


BEETLE BAILEY

REX MORGAN



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

THYIC

CEHKT

GUIFER

KLEACT

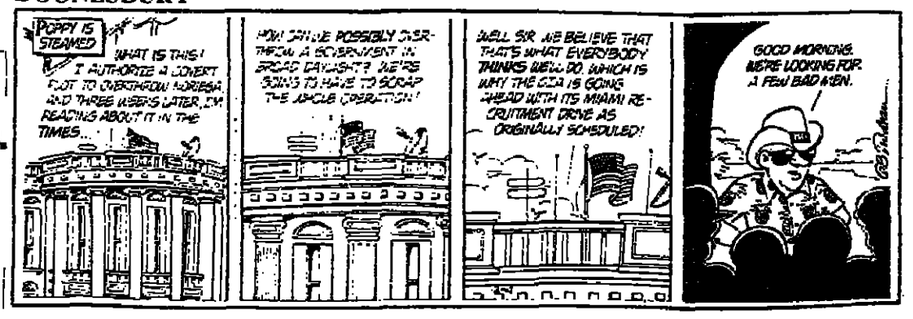
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ____ — ____

(Answers tomorrow)

Saturday's Jumbles: GRAVE POKED BUTTER SOCIAL
Answer: What the canine member of the Boy Scouts was called—A "BEAGLE" SCOUT

DOONESBURY



GARFIELD

The Daily Source for International Investors.
Herald Tribune

MONDAY SPORTS

Eagles, Helped by Turnovers, Top Giants for NFC East Lead

The Associated Press

The Philadelphia Eagles, buoyed by Randall Cunningham's 91-yard, wind-carried punt and five New York turnovers, took over first place Sunday in the National Football League's National Conference with a 24-17 defeat of the Giants in East Rutherford, New Jersey.

All the Eagles' points came as the result of turnovers by New York quarterback Phil Simms, the last a fumble after Cunningham's punt, the longest in Eagles' history, got Philadelphia out a hole on its one-yard line and left the Giants going into winds gusting as high as 40 mph (64 kph) at their 16.

Two plays later, Simms was sacked by Bob Golic and Mike Pitts recovered the ball at the six,

PRO FOOTBALL

setting up Keith Byars's two-yard touchdown run two plays later with 10:50 left in the game.

The Giants' only threat after that came when they got the ball in the final minute after a snap went over the head of punter Max Runager. But Eric Everett knocked down Simms's fourth-down pass from the 33 to ensure victory.

Both teams are 9-4, but the Eagles have the advantage in any tie-breaker for the division title because they also beat the Giants in their first meeting, 21-19.

Bengals 21, Browns 0: Boomer Esiason threw two touchdown passes, one a 38-yarder to Tim McGee on a trick play, as Cincinnati revived its playoff hopes in Cleveland with its first shutout since 1980.

The Bengals (7-6) won for only the third time in eight games while the Browns (7-5-1) were blanked for the first time since 1984.

The Bengals led, 7-0, after James Brooks ran a yard for a second-quarter touchdown, then made it 14-0 on McGee's diving catch and roll into the end zone in the third quarter. That touchdown came on a flea flicker, with Brooks taking a pitch right and flipping the ball back to Esiason for the pass.

Both it and Esiason's nine-yard touchdown pass to Rodney Holman in the third quarter followed Cleveland turnovers — an interception by Leon White and a fumble recovery by Carl Zander.

Oilers 23, Steelers 16: Lorenzo White ran for 115 yards and a game-winning one-yard touchdown with 21 seconds left and Warren Moon threw two late first-half touchdown passes for Houston during a driving snowstorm in Pittsburgh.

Overcoming a 10-0 deficit, three fumbles, the snow and a far-below-freezing wind-chill factor, the Oilers (8-5) took over the American Conference Central Division lead for the first time this season with the help of Cincinnati's victory.

49ers 23, Falcons 10: Steve Young passed for one second-half touchdown and ran a quarterback sneak for another in Atlanta as San Francisco moved to the brink of its seventh NFC West title in nine years.

Young came in after Joe Montana aggravated a rib injury in the final two minutes of the first half.

Young completed his first 10 passes for 168 yards in the third quarter, passing to John Taylor for a 38-yard touchdown over rookie Deion Sanders to erase a 10-6 half-time deficit.

Young stretched the lead to 20-10 on a one-yard sneak 12 seconds into the final quarter.

Rams 35, Cowboys 31: Jim Everett threw four touchdown passes — two in the last four minutes — and rallied Los Angeles to a victory in Irving, Texas, after the Cowboys' Troy Aikman had passed for four touchdowns.

Everett overcame a 31-21 deficit with scoring passes of 39 yards to Ron Brown with 3:58 to go and 23 yards to Aaron Cox with 1:50 left.

The Cowboys marched to the Los Angeles 13-yard line before time ran out after an Aikman completion to Cornell Burbage.

It was the first time a Dallas quarterback had thrown four touchdown passes in a game since Danny White did so on Thanksgiving Day, 1987.

Packers 17, Buccaneers 16: Chris Jacke's 47-yard field goal with no time left gave Green Bay its victory in Tampa, Florida, and kept it in first place in the NFC Central.

The game-winning kick came on the 12th play of a 52-yard drive sustained at the Packers' 40 by a Tampa Bay penalty. Don Majkowski, who threw two touchdown passes to Sterling Sharpe, set up the score with a 17-yard completion to Carl Bland at the Bucs 30.

Lions 21, Saints 14: Richard Johnson caught eight passes for 248 yards, one a 75-yard touchdown from Bob Gagliano, as Detroit won in Pontiac, Michigan, and all but ended New Orleans' slim hopes for a wild card playoff berth.

Patriots 22, Colts 16: John Stephens scored on a 10-yard run with 25 seconds left after a penalty kept the drive alive in Foxboro, Massachusetts.

Stephens, who rushed for 124 yards on 27 carries, scored after Jack Trudeau threw an eight-yard pass to Eric Dickerson that gave Indianapolis a 16-15 lead with 1:59 left. Jason Staurovsky kicked five field goals for New England.

Chiefs 26, Dolphins 21: Christian Okoye, on the ground, and Stephone Paige, through the air, combined for 281 yards in offense and a victory in Kansas City, Missouri.

Okoye gained 148 yards on 32 carries, breaking Kansas City's season rushing record with 1,191 yards. Paige, with his third 100-yard game this season, caught seven of Steve Deberg's passes for 133 yards, one a 38-yard touchdown strike that gave the Chiefs (6-6-1) a 13-0 lead in the first period.

Okoye broke the single-season record of 1,121 yards set in 1981 by the late Joe Delaney.

Peter Morgan/The Associated Press

Boris Becker strained Sunday to return a shot against Stefan Edberg, then fell short of retaining his title in the Masters.

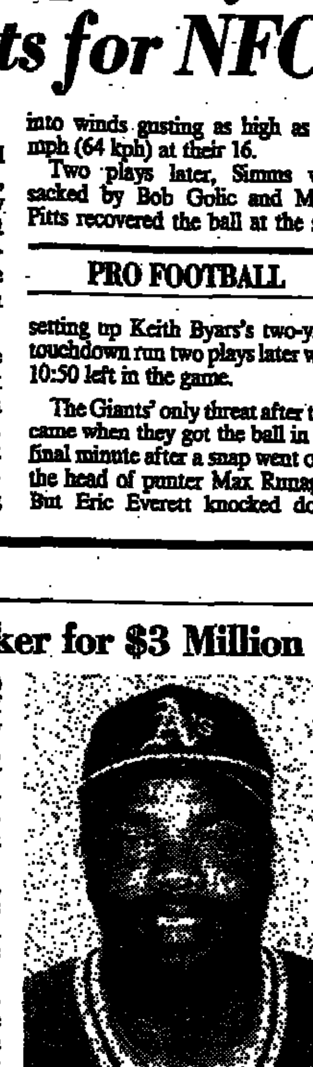
SIDELINES

Brewers Sign Parker for $3 Million

NASHVILLE, Tennessee (UPI) — The Milwaukee Brewers led off baseball's winter meetings Sunday by signing free agent Dave Parker, a designated hitter, to a two-year contract for an estimated $3 million. The Brewers' general manager, Harry Dalton, said the contract calls for an option of a third year.

Parker, 38, a left-handed batter, averaged .264 with 22 home runs and 97 runs batted in last season for the Oakland Athletics, winners of the World Series.

Earlier, the California Angels confirmed that they had landed the biggest prize in this year's free agent market, signing pitcher Mark Langston to a guaranteed five-year contract worth $16 million, the richest in baseball history.



Parker: A $3 million contract.

Agreement Near on England Cup Site

ROME (Reuters) — England's attempts to isolate its often violent fans on the island of Sardinia for next year's World Cup soccer tournament seemed nearer to succeeding Sunday after talks between the country's sports minister and tournament organizers.

"There has been major progress," the minister, Colin Moynihan, said after meeting with the International Football Federation and the local organizing committee, Italia 90.

"Security is our primary objective," said Luca di Montezemolo, the head of Italia 90. "We want to put the teams in the best conditions to play and work in our country. This is why we think Sardinia is the best place for England. It's the right place for the nice English fans and could also be a good solution for the not so nice English fans."

For the Record

Thomas Stangassinger of Austria skied to his first World Cup victory, in Sunday's slalom in Mont Sainte Anne, Quebec. He finished nearly a half second ahead of fellow Austrian Bernhard Gstrein, with Marc Girardelli of Luxembourg third. *(AP)*

Anita Wachter of Austria reclaimed the women's World Cup overall lead Sunday, winning the giant slalom in Vail, Colorado. Diann Roffe of the United States was the runner-up for a second straight time in a giant slalom, while Vreni Schneider of Switzerland finished third. *(AP)*

Fernando Martín, 27, who played for Real Madrid of the Spanish basketball league, and who was the only Spanish player to have played in the National Basketball Association, for the Portland Trail Blazers in 1986, was killed Sunday when the car he was driving collided head-on with another automobile on a highway. The driver of the second car was seriously injured, police said. *(AP)*

Michel Platini has turned down the chance to become manager of the Italian first division team Juventus and will continue as head of the French national team, French soccer officials said Sunday. *(AFP)*

The Aga Khan, one of the world's leading race horse owners, has resigned from Britain's Jockey Club in protest over the drug testing methods used on two of his horses, Rifada and Aliysa. *(AP)*

Roger Kingdom, the two-time Olympic champion who last summer broke Renaldo Nehemiah's eight-year-old world record for the 110-meter hurdles, has won the annual Jesse Owens Memorial Award, the highest honor in American track and field. *(NYT)*

Nick Faldo of Britain, the Masters champion who won tournaments on three continents, has been named player of the year by Golf Digest, edging out three Americans, Tom Kite, Mark Calcavecchia and Curtis Strange. *(Reuters)*

Spanish bullfighting will be staged in Moscow for the first time in June, Moscow Radio said Sunday, adding that more than 30 pedigree bulls would be sent from Madrid to take part in five bullfights in the city's 100,000-seat Luzhniki stadium. *(Reuters)*

Edberg Wins Masters

Upset of Becker Follows Stunning of Lendl

Compiled by Our Staff From Dispatches

NEW YORK — Stefan Edberg first frustrated, then defeated Boris Becker to win his first Masters title Sunday and halt the expected ascension of the man who would be king.

This was to be Becker's show, the moment when the big-serving West German would replace Ivan Lendl as the king of tennis. Instead, the quietly effective Edberg gained a huge measure of revenge, winning by 4-6, 7-6 (8-6), 6-3, 6-1.

It came one day after the Swede had shocked Lendl in the semifinals.

"I played some of the best tennis of my life," Edberg said. "You have to to beat those two guys two days in a row."

The title in the season-ending tournament was the perfect tonic for Edberg, who all year has seemed to fall just one victory short.

"There's been a lot of frustrations for me," he said. "I've lost a lot of finals."

This wasn't one of them.

Edberg defused Becker's power, fought off a set point in the second set, then began dominating the right-hander.

"I picked up my game and he lost his rhythm," Edberg said.

And on Friday, in the last day of the round-robin format, Becker had crushed Edberg 6-1, 6-4.

"It's a pity I couldn't win the last match here," Becker said Sunday. "But I beat him two days ago."

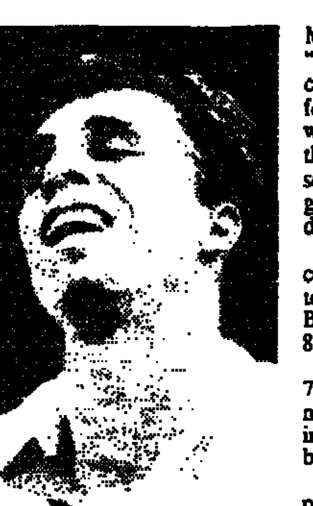
That match didn't count when it came time to battle for the title.

It was the weight of Becker's shots, the sheer velocity of the ball coming off the West German's racket that bothered Edberg in the opening set, just as it had finished off John McEnroe in Saturday's semifinal.

But Edberg countered that by taking the pace off the ball. Becker, whose timing was impeccable off the ground on the hard-paced balls, repeatedly found the net when trying to hit the off-speed deliveries by Edberg. And, when Becker finally did adjust, Edberg found the passing lanes with his strong, flat strokes.

He actually jumped out on top when he broke Becker in the second game of the match. Becker began his first service game of the match with a double-fault, and the Swede made him pay for it.

But Becker broke right back in the third game, at love, and sailed through the first set, blasting three aces in the 10th game to close out the set.



Reuters/UPI

Lendl: Merely a 'mild upset.'

The second set began like the first: Edberg breaking Becker in the third game and Becker breaking right back.

This time, the two battled into a tiebreaker, which Edberg started with a double-fault, his second of the match. But Becker couldn't take advantage as Edberg slammed a backhand service return that Becker sent wide.

Again Edberg double-faulted. But he followed with his second ace of the match, then won the next point on Becker's serve.

Becker reached set point when Edberg netted a backhand on the 11th point, but Edberg won his two serves, the 13th point on his third ace, then jumped on a second serve by Becker, ripping a forehand down the line to level the match at one set apiece.

Becker pulled together his game to take a 2-0 lead in the third set, breaking Edberg at 15 in the second game. But when Edberg broke back in the third game at 30, Becker slammed his racket to the court, breaking it.

He was handed a Code of Conduct violation for abuse of racket.

From there, it was a race between Becker's downhill slide and Edberg's growing confidence.

After Becker held in the fifth game for a 3-2 lead, Edberg ripped through the next four games, breaking Becker in the seventh at 15 and the ninth at 30.

Although a large part of the Madison Square Garden chanted "Boris, Boris," Becker's last hurrah came in the second game of the fourth set when he held at 15. It was the last game he would win on the carpet surface, even though he served his 11th ace in the fourth game, not enough to offset three double-faults.

With the victory, Edberg becomes the 10th winner of the Masters, and the second Swede. Bjorn Borg won the tournament in 1980-81.

Edberg had first stunned Lendl, 7-6 (7-5), 7-5, in Saturday's semifinals, when Lendl's notorious passing shots were under constant ambush at the net.

In that day's first match, Becker posted a businesslike 6-4, 6-4 victory over John McEnroe.

"I was very concentrated today," Edberg had said after ending Lendl's winning streak at 18 matches. "It was almost as good as Wimbledon," the tournament he won in 1988 by beating Becker in the final.

"I did nothing wrong really," said Lendl, who described the match as a "mild upset."

"My timing wasn't as good," he said. "That just happens. It's not great every day. I gave it everything I had and I cannot do much more. Stefan played better than I did."

After capturing the tie-breaker with a backhand volley off service return, Edberg achieved the first service break of the match to open the second set.

Given this opening, Edberg conceded merely three points in his next four service games, only to be broken for the only time while serving for the match.

Edberg, though, converted his third break point in the 11th game with a backhand down the line, then held at 15 to end the match in 1:52. An ace, his third of the afternoon, put Edberg at match point, and Lendl then was long with a backhand service return.

Thumped around the court, 6-3, 6-3, by Lendl on Friday night, McEnroe was bumped all the way out of the tournament's semifinals by Becker.

Aaron Krickstein beat Michael Chang, 6-3, 7-6 (7-5), in the final match of the round-robin part of the tournament.

Since the semifinalists already were determined, all that was at stake Friday was the pairings for the semis and a $30,000 prize for each match winner. Krickstein earned that much for his first victory in three matches; Chang wound up 0-3.

So convinced was McEnroe of Becker's ability and intent to punish, even with his second serve, and to sear his every ground stroke, that he was reduced, on several shots that could have turned close games in his favor, to committing errors out of nervousness.

"I wasn't aggressive enough and that was it," said McEnroe, who held 11 break points during the match yet converted only one.

"You get tentative because you know he's got such a big serve, and his second serve is probably the best second serve there is.

"So I don't feel comfortable coming in on anything. It's not the old days where you can chip and charge. He just serves too big on the big points." *(AP, NYT, UPI)*

Senior Easily Sweeps Australia Golf Titles

The Associated Press

MELBOURNE — Peter Senior carded a two-under-par 70 Sunday to sweep to a seven-shot victory over a star-studded field in the Australian Open golf championship at Kingston Heath.

Senior earned $72,000 for his second major victory in three weeks. The Australian won his country's PGA title last month.

He finished at 271 Sunday, 17 under par and seven strokes ahead of countryman Peter Fowler, the 1983 Australian Open champion, who carded a final round 69.

Another Australian, Brett Ogle, was third at 279 after also shooting a final round 69 over the tricky, par-72, 6,847-yard (6,261-meter) course in suburban Melbourne.

Defending champion Mark Calcavecchia of the United States had a disastrous final round of 75 and slipped to fourth, at 280.

The tournament attracted its best entry in years. The challengers included three-time champion Greg Norman of Australia, U.S. Open champion Curtis Strange and U.S. Masters champion Nick Faldo of Britain.

None of them, however, could match the consistency of Senior, who had only two bogeys in 72 holes, played superb approach shots throughout the four days and wielded his unusual, long-shafted putter with confidence when necessary.

Senior was without a victory this year until he triumphed in the PGA championship at Riverside Oaks.

"I've turned a mediocre year into a great year," he said. "I've thrown away quite a few tournaments at the end this year. This might be a turning point."

Reuters

Senior: Seven-shot winner.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
New York	10	5	.667	—
Philadelphia	8	6	.571	1½
Boston	9	7	.563	1½
Washington	8	10	.444	3½
New Jersey	4	11	.267	6
Miami	4	14	.222	7½
Central Division				
Indiana	9	4	.692	—
Detroit	10	6	.625	½
Atlanta	9	6	.600	1
Chicago	9	6	.600	1
Milwaukee	7	8	.467	3
Orlando	7	8	.467	3
Cleveland	6	9	.400	4

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
Denver	11	4	.733	—
San Antonio	9	5	.643	1½
Utah	9	5	.643	1½
Houston	9	7	.563	2½
Dallas	7	7	.500	3½
Minnesota	4	12	.250	7½
Charlotte	3	12	.200	8
Pacific Division				
L.A. Lakers	11	3	.786	—
Portland	12	4	.750	—
Seattle	9	7	.563	3
Phoenix	6	7	.462	4½
L.A. Clippers	5	9	.357	6
Sacramento	4	10	.286	7
Golden State	4	11	.267	7½

FRIDAY'S RESULTS

Cleveland 23 22 22 22— 89
Boston 26 25 25 26—102
Keys 11-20 0-0 22, J.Williams 7-21 0-0 14; Bird 11-26 6-6 29, McHale 8-15 2-2 18. Rebounds: Cleveland 48 (J.Williams 12), Boston 49 (Parish 11). Assists: Cleveland 24 (Kerr 8), Boston 28 (Upshaw 8).

Miami 22 21 16 18— 77
New Jersey 25 18 31 27—101
Seikaly 5-17 3-4 13, Thompson 6-12 0-0 12. Davis 5-7 2-2 12; Shackleford 8-9 3-6 19, Hopson 4-15 9-11 18. Rebounds: Miami 54 (Seikaly 13), New Jersey 65 (Bowie 16). Assists: Miami 13 (Douglas 4), New Jersey 7 (Blaylock 3).

Orlando 26 31 29 34—119
Indiana 32 27 32 34—125
Catledge 10-19 3-5 22, Reynolds 7-17 8-13 22; Miller 10-18 6-7 29, Person 12-21 3-5 28. Rebounds: Orlando 60 (Catledge, S.Green 9), Indiana 57 (Person 17). Assists: Orlando 18 (Theus 6), Indiana 30 (Fleming 12).

Philadelphia 24 28 18 18— 90
Washington 27 27 28 25—107
Barkley 7-11 5-8 19, Gminski 7-13 1-1 15; J.Malone 12-18 1-2 25, Williams 7-12 7-10 21. Rebounds: Philadelphia 56 (Barkley 11), Washington 43 (Walker 10). Assists: Philadelphia 22 (Barkley, Dawkins 5), Washington 30 (Williams 10).

Utah 22 25 26 29—103
Atlanta 22 33 28 31—114
K.Malone 9-15 6-9 24, Stockton 6-14 8-9 20; Battle 10-13 7-9 27, Wilkins 7-17 12-14 26. Rebounds: Utah 45 (K.Malone 7), Atlanta 43 (M.Malone 9). Assists: Utah 19 (Stockton 7), Atlanta 22 (Rivers 7).

LA Clippers 30 18 22 19— 90
Phoenix 29 25 26 31—111
Norman 8-18 4-5 20, Smith 8-10 0-0 16, Benjamin 5-8 6-8 16; Chambers 13-18 3-3 29, K.Johnson 6-12 3-6 15. Rebounds: Los Angeles 47 (Benjamin 9), Phoenix 65 (West 13). Assists: Los Angeles 19 (Norman, Gorrick 5), Phoenix 29 (K.Johnson 16).

Detroit 15 27 28 27 11—108
LA Lakers 26 23 27 21 8— 97
Dumars 9-15 8-11 26, Aguirre 10-16 5-5 25; E.Johnson 10-16 7-8 28, Worthy 7-22 5-6 19. Rebounds: Detroit 57 (Rodman 14), Los Angeles 42 (Worthy 13). Assists: Detroit 27 (Thomas 16), Los Angeles 19 (E.Johnson 10).

Golden State 24 27 23 36—110
Portland 32 31 29 31—123
Richmond 7-17 7-7 22, Mullin 7-14 4-4 20; Drexler 12-16 1-1 25, Williams 10-11 3-4 23. Rebounds: Golden State 44 (Richmond 6), Portland 67 (Williams 15). Assists: Golden State 22 (Hardaway 12), Portland 29 (Porter 17).

SATURDAY'S RESULTS

Utah 26 23 21 30—100
Washington 24 21 30 23— 98
K.Malone 9-23 10-14 28, Stockton 10-20 7-8 27; J.Malone 12-20 7-7 31, King 6-17 7-10 19. Rebounds: Utah 52 (Eaton 9), Washington 50 (Williams 10). Assists: Utah 20 (Stockton 12), Washington 26 (Williams 8).

Chicago 32 30 30 22—114
Miami 24 20 29 34—107
Jordan 11-16 14-15 36, Pippen 9-14 5-5 23; Long 9-16 3-3 21, Edwards 7-14 4-4 18. Rebounds: Chicago 48 (Grant, Pippen 10), Miami 56 (Seikaly 10). Assists: Chicago 20 (Jordan 7), Miami 24 (Douglas 7).

Philadelphia 26 29 21 16— 92
Atlanta 27 32 14 27—100
Hawkins 8-18 6-6 24, Barkley 7-12 5-8 19; Wilkins 8-18 7-7 25, Malone 8-14 5-5 21. Rebounds: Philadelphia 50 (Barkley 10), Atlanta 47 (Koncak 10). Assists: Philadelphia 17 (Dawkins 7), Atlanta 26 (Rivers 8).

Minnesota 26 19 26 30—101
Cleveland 18 14 19 23— 74
Campbell 9-14 6-6 24, Mitchell 7-10 4-4 18; Bennett 4-12 4-7 12, R.Williams 5-8 1-1 12. Rebounds: Minnesota 49 (Corbin 10), Cleveland 49 (Dudley 9). Assists: Minnesota 20 (Rein 5), Cleveland 11 (Kerr 5).

Dallas 27 36 28 29—106
Houston 21 26 32 24—103
Harper 11-20 5-9 27, Blackman 8-19 7-9 23; Olajuwon 15-23 2-2 33, Thorpe 7-14 4-6 18, Wiggins 7-14 4-6 18. Rebounds: Dallas 45 (Williams 12), Houston 57 (Olajuwon 17). Assists: Dallas 22 (Harper 8), Houston 35 (Lucas 13).

Portland 31 25 24 33—113
Denver 33 39 38 37—146
Drexler 11-19 2-3 24, Irvin 10-14 2-4 23; English 12-17 0-2 24, Adams 7-12 4-4 23. Rebounds: Portland 41 (Williams 8), Denver 64 (Kempton, Rasmussen 9). Assists: Portland 30 (Drexler 8), Denver 41 (Lever 11).

Charlotte 30 22 27 21—110
San Antonio 27 33 38 20—118
Chapman 9-23 8-9 25, Tripucka 9-21 4-4 23; Robinson 10-16 12-15 32, Cummings 12-20 1-2 25. Rebounds: Charlotte 34 (Reid, Chapman 6), San Antonio 58 (Robinson 18). Assists: Charlotte 18 (Bogues 12), San Antonio 27 (W.Anderson 9).

New York 26 24 35 27—122
Phoenix 26 30 19 27—112
Ewing 15-20 11-13 41, Strickland 7-14 5-7 19; Chambers 9-17 6-7 24, K.Johnson 9-18 4-8 22. Rebounds: New York 48 (Oakley, Ewing 8), Phoenix 56 (West 10). Assists: New York 35 (Strickland 9), Phoenix 25 (K.Johnson 15).

Detroit 25 15 25 30— 95
Seattle 29 23 31 37—120
Salley 4-6 5-7 13, V.Johnson 5-13 3-6 13, Bedford 6-7 1-4 13; Ellis 10-14 9-11 30, McDaniel 11-21 4-6 26; Rebounds: Detroit 55 (Rodman 8), Seattle 61 (McDaniel 10). Assists: Detroit 20 (Thomas 5), Seattle 27 (McMillan 14).

Sacramento 22 18 21 23— 84
LA Clippers 28 33 23 30—114
McCray 9-17 0-0 19, Tisdale 4-15 6-6 14, Ainge 4-14 4-5 14; Harper 8-11 2-4 19, C.Smith 4-8 7-8 15. Rebounds: Sacramento 50 (McCray, Tisdale 9), Los Angeles 57 (Norman 8). Assists: Sacramento 14 (McCray 6), Los Angeles 31 (Grant 12).

Milwaukee 24 18 28 28— 98
Golden State 26 25 29 21—101
Humphries 12-22 4-6 28, Sikma 8-21 4-6 22; Mullin 8-15 6-6 26, Teagle 11-16 2-4 24, Richmond 6-23 12-13 24. Rebounds: Milwaukee 58 (Sikma 13), Golden State 44 (Bol 7). Assists: Milwaukee 19 (Humphries 9), Golden State 27 (Mullin 10).

Selected College Scores

FRIDAY'S RESULTS

EAST

Yale 84, Case Western 59
Ala.-Birmingham 75, Auburn 65
Florida 82, Florida St. 69
Miami, Fla. 77, Baptist Coll. 67
Virginia 71, Davidson 57

TOURNAMENTS

Austin Peay 95, Columbia 62
Texas Tech 94, Portland 58
Nebraska 117, Harvard 79
Pepperdine 82, Air Force 75
Louisiana Tech 71, Southern Meth. 68
Stanford 82, Lehigh 59
Syracuse 100, Va. Commonwealth 73
Temple 65, Arkansas St. 41
Richmond 85, Army 78
South Carolina 52, Maryland 51
Marquette 76, N.C.-Wilmington 54
Wisconsin 63, Gonzaga 58
Tn.-Chattanooga 86, Navy 81
UC Irvine 85, Bucknell 79
N. Carolina St. 68, Ohio St. 54
Pittsburgh 102, Oklahoma St. 90
Georgia 77, Texas Christian 72
W. Kentucky 87, Miss. Valley St. 58

SATURDAY'S RESULTS

EAST

Boston College 84, Maine 77
Connecticut 78, Howard U. 59
Delaware 72, William & Mary 56
Duquesne 70, Rice 68
Georgetown 117, Fla. International 67
Massachusetts 76, Boston U. 60
Northeastern 94, Rhode Island 92
Penn St. 82, Brigham Young 72
Providence 93, Holy Cross 80
Seton Hall 85, Long Island U. 62
St. Bonaventure 75, Rutgers 72
Villanova 76, Vermont 60

SOUTH

James Madison 91, VMI 61
LSU 85, McNeese St. 49
Michigan St. 84, Furman 63
NE Louisiana 79, Mississippi 69
North Carolina 92, Cent. Florida 42
Old Dominion 73, West Virginia 69
Wake Forest 80, Cornell 49

MIDWEST

Dayton 68, Princeton 62
Duke 103, Northwestern 77
Fresno St. 60, Kansas St. 58
Illinois 82, Chicago St. 62
Indiana 71, Kentucky 69
Indiana St. 68, E. Michigan 61
Kansas 86, Md.-Baltimore County 67
La Salle 83, DePaul 62
Louisville 84, Notre Dame 73
Miami, Ohio 63, Cincinnati 59
Michigan 101, Iowa St. 78
Minnesota 85, Toledo 70
Missouri 78, Tenn.-Martin 58
N. Iowa 71, Drake 63
S. Illinois 71, N. Illinois 56

SOUTHWEST

Ark.-Little Rock 85, Texas-El Paso 62
Georgia Southern 66, Lamar 65
Houston 109, Nevada-Reno 68
Oklahoma 146, NE Illinois 51

FAR WEST

California 83, San Francisco 61
Colorado 70, N. Arizona 54
Fullerton St. 85, St. Mary's, Cal. 65
Long Beach St. 70, Purdue 69
New Mexico St. 60, New Mexico 55
Oregon 63, Arizona St. 61
Oregon St. 84, Arizona 61
Santa Clara 78, Seattle Pacific 66
UCLA 68, Washington St. 64
Washington 65, Southern Cal 60
Wyoming 78, Montana 58

TOURNAMENTS

Austin Peay 78, Texas Tech 77
Columbia 78, Portland 67
Nebraska 104, Pepperdine 100
Air Force 73, Harvard 71
Stanford 62, Louisiana Tech 59
Lehigh 69, Southern Meth. 59
Syracuse 73, Temple 56
Arkansas St. 82, Va. Commonwealth 66
Richmond 66, South Carolina 60
Maryland 78, Army 60
Wisconsin 63, Marquette 58
Gonzaga 55, N.C.-Wilmington 48
Tn.-Chattanooga 74, UC Irvine 72
Bucknell 67, Navy 66
N. Carolina St. 100, Pittsburgh 87
Oklahoma St. 81, Ohio St. 59
Georgia 74, W. Kentucky 70
Texas Christian 90, Miss. Valley St. 75

FOOTBALL

Heisman Trophy Winners

1989—Andre Ware, Houston; 1988—Barry Sanders, Oklahoma State; 1987—Tim Brown, Notre Dame; 1986—Vinny Testaverde, Miami; 1985—Bo Jackson, Auburn; 1984—Doug Flutie, Boston College; 1983—Mike Rozier, Nebraska; 1982—Herschel Walker, Georgia; 1981—Marcus Allen, Southern Cal; 1980—George Rogers, South Carolina;

1979—Charles White, Southern Cal; 1978—Billy Sims, Oklahoma; 1977—Earl Campbell, Texas; 1976—Tony Dorsett, Pittsburgh; 1975—Archie Griffin, Ohio State; 1974—Archie Griffin, Ohio State; 1973—John Cappelletti, Penn State; 1972—Johnny Rodgers, Nebraska; 1971—Pat Sullivan, Auburn; 1970—Jim Plunkett, Stanford;

1969—Steve Owens, Oklahoma; 1968—O.J. Simpson, Southern Cal; 1967—Gary Beban, UCLA; 1966—Steve Spurrier, Florida; 1965—Mike Garrett, Southern Cal; 1964—John Huarte, Notre Dame; 1963—Roger Staubach, Navy; 1962—Terry Baker, Oregon State; 1961—Ernie Davis, Syracuse; 1960—Joe Bellino, Navy;

1959—Billy Cannon, Louisiana State; 1958—Pete Dawkins, Army; 1957—John David Crow, Texas A&M; 1956—Paul Hornung, Notre Dame; 1955—Howard Cassady, Ohio State; 1954—Alan Ameche, Wisconsin; 1953—Johnny Lattner, Notre Dame; 1952—Billy Vessels, Oklahoma; 1951—Dick Kazmaier, Princeton; 1950—Vic Janowicz, Ohio State.

Selected College Scores

Pittsburgh 46, Rutgers 29
Syracuse 24, Louisville 13
Auburn 30, Alabama 20
Florida St. 24, Florida 17
Furman 42, Youngstown St. 23
Georgia Tech 33, Georgia 22
Tennessee 17, Vanderbilt 10
Arkansas 38, Southern Meth. 24
Houston 64, Rice 0
Texas A&M 21, Texas 10

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
NY Rangers	14	10	4	32	99	91
Philadelphia	13	10	3	29	97	84
New Jersey	11	12	3	25	102	105
Washington	10	12	4	24	86	89
Pittsburgh	10	14	2	22	101	110
NY Islanders	7	18	3	17	92	112
Adams Division						
Buffalo	17	6	4	38	99	80
Montreal	17	11	2	36	99	81
Boston	15	8	2	32	89	66
Hartford	13	14	1	27	90	92
Quebec	6	20	2	14	86	129

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Minnesota	16	10	1	33	100	93
Chicago	14	11	2	30	95	92
St. Louis	12	9	4	28	90	78
Toronto	12	15	0	24	109	125
Detroit	6	16	4	16	78	108
Smythe Division						
Calgary	12	9	8	32	126	104
Edmonton	13	10	5	31	112	99
Los Angeles	13	11	2	28	115	107
Winnipeg	12	13	2	26	83	95
Vancouver	9	13	4	22	87	95

FRIDAY'S RESULTS

New Jersey 1 2 1—4
Buffalo 2 2 2—6
Johnson (12), Podduany (4), S.Turgeon 2 (14); Andreychuk (15), Foligno (9), Snuggerud (3), P.Turgeon 3 (14). Shots on goal: New Jersey (on Puppa) 8-9-9—26; Buffalo (on Terreri, Burke) 19-14-8—42.

Philadelphia 1 1 1—3
Washington 1 1 0—2
Tocchet (13), Acton (3) Bullard (13); Sheehy (1), Ciccarelli (8). Shots on goal: Philadelphia (on Mason) 7-6-4—17; Washington (on Wregget) 11-14-3—28.

Detroit 2 1 5 0—8
Winnipeg 2 1 0 0—3
Yzerman (14), Chiasson (3), Federko (4); Steen (6), Elynuik (11), Fenton (9). Shots on goal: Detroit (on Essensa) 10-10-7-4—31; Winnipeg (on Hanlon) 11-11-9-0—31.

N.Y. Rangers 1 3 1—4
Vancouver 2 0 1—3
Patrick (6), Sandstrom (15), Ogrodnick 2 (18); Adams (15), Tanti (7), Bradley (10). Shots on goal: New York (on McLean) 7-11-15—33; Vancouver (on Froese) 9-7-6—22.

SATURDAY'S RESULTS

N.Y. Rangers 0 0 0—0
Los Angeles 1 2 3—6
Miller (1), McSorley (6), Nicholls (18), Robitaille 2 (20), Tonelli (13). Shots on goal: New York (on Hrudey) 9-14-12—35; Los Angeles (on Vanbiesbrouck) 12-9-10—31.

St. Louis 2 0 0—2
Boston 0 1 0—1
MacLean (12), Hull (19); Bourque (4). Shots on goal: St. Louis (on Lemelin) 6-10-7—23; Boston (on Millen) 8-15-9—32.

Washington 1 2 2—5
New Jersey 1 1 1—3
Miller (9), Ridley (11), Ciccarelli 2 (10), Hatcher (2); Turgeon (15), Ruotsalainen (1), Muller (6). Shots on goal: Washington (on Burke) 11-7-13—31; New Jersey (on Mason) 13-8-12—33.

Toronto 1 2 0—4
Calgary 2 3 2—7
Richardson (1), Osborne (6), Fergus 2 (12); Patterson (2), MacLellan (3), Mullen 2 (10), Roberts (17), MacInnis (9), Hrdina (7). Shots on goal: Toronto (on Wamsley) 9-9-4—22; Calgary (on LaForest, Bester) 11-11-18—40.

Pittsburgh 4 2 1—7
Quebec 0 2 2—4
Lemieux 2 (15), Errey (9), Brown (8), Stevens (14), Recchi (4), Lemieux (16); Gillis (4), Fortier (3), Jarvi (5), Sakic (13). Shots on goal: Pittsburgh (on Tugnutt) 13-11-8—32; Quebec (on Pietrangelo) 19-12-14—45.

N.Y. Islanders 3 2 1—6
Winnipeg 1 0 2—3
Sutter (8), Thibaudeau (4), Flatley (7), LaFontaine 2 (21), Volek (7); McLlwain 2 (7), Elynuik (12). Shots on goal: New York (on Berthiaume) 13-11-6—30; Winnipeg (on Fitzpatrick) 8-11-18—37.

Minnesota 0 0 1—1
Edmonton 1 3 1—6
Duchesne (3); Simpson (10), Lowe (3), MacTavish (11), Anderson 3 (12). Shots on goal: Minnesota (on Ranford) 6-6-11—23; Edmonton (on Casey, Takko) 10-8-7—25.

Hartford 2 1 1—4
Montreal 2 1 0—3
Francis (13), Verbeek (18), Krygier (2), Anderson (5); McPhee (5), Naslund (9), Corson (12). Shots on goal: Hartford (on Roy) 12-6-4—22; Montreal (on Liut) 12-3-6—21.

SOCCER

WEST GERMAN FIRST DIVISION

Stuttgart 3, Cologne 1
Bayern Munich 2, B. Moenchengladbach 0
Frankfurt 2, SV Hamburg 0
Uerdingen 1, Karlsruhe 0
Duesseldorf 2, Bremen 1
Kaiserslautern 3, Homburg 1
Leverkusen 2, Nuernberg 0
Bochum 2, Mannheim 0
St. Pauli Homburg 2, Dortmund 1
Standings: Leverkusen 26; Munich, Frankfurt, Cologne 25; Stuttgart 23; Bremen, Nuremberg 20; Dortmund 19; Uerdingen 18; Mannheim, SV Hamburg, Bochum, Karlsruhe 17; St. Pauli Hamburg 16; Duesseldorf, Kaiserslautern 15; Homburg 14; Moenchengladbach 13;

ENGLISH FIRST DIVISION

Arsenal 1, Manchester United 0
Aston Villa 2, Nottingham Forest 1
Chelsea 2, Wimbledon 5
Crystal Palace 0, Queens Park Rangers 3
Derby 2, Charlton 0
Everton 2, Coventry 0
Luton 0, Tottenham 0
Manchester City 1, Liverpool 4
Millwall 2, Southampton 2
Norwich 2, Sheffield Wednesday 1
Standings: Liverpool, Aston Villa, Arsenal 30; Chelsea 27; Norwich 25; Derby County, Southampton, Everton 24; Coventry 23; Nottingham Forest, Tottenham 22; Manchester United 21; Wimbledon 19; Queens Park Rangers, Luton 18; Millwall 17; Sheffield Wednesday, Crystal Palace 16; Charlton, Manchester City 15.

ITALIAN FIRST DIVISION

Cesena 2, Internazionale 3
Cremonese 2, Juventus 2
Fiorentina 1, Roma 2
Genoa 0, Verona 1
Lazio 2, Bari 2
Lecce 0, Sampdoria 0
Milan 1, Bologna 0
Napoli 3, Atalanta 1
Udinese 2, Ascoli 0
Standings: Napoli 22; Sampdoria, AC Milan, Internazionale 18; Juventus, Roma 17; Atalanta 16; Bologna 15; Bari 14; Lazio, Lecce 13; Fiorentina, Udinese 12; Genoa, Cesena 11; Cremonese 10; Ascoli 8; Verona 7.

DUTCH FIRST DIVISION

Feyenoord Rotterdam 4, PSV Eindhoven 0
Willem II 1, FC Den Haag 1
FC Utrecht 0, Volendam 3
NEC Nijmegen 0, Vitesse 4
BVV Den Bosch 3, Sparta 0
Fortuna Sittard 1, RKC Waalwijk 1
Haarlem 1, MVV Maastricht 1
Standings: PSV, Ajax, Roda JC 21; FC Twente 19; Vitesse, Volendam 18; Fortuna Sittard 17; FC Utrecht, MVV 16; FC Den Haag, RKC 15; Sparta 14; FC Groningen, NEC 13; Willem II 11; Feyenoord, BVV Den Bosch 10; Haarlem 8.

FRENCH FIRST DIVISION

Auxerre 1, Metz 1
Paris St Germain 1, Sochaux 0
Bordeaux 2, Montpellier 0
Olympique Marseille 6, Toulouse 1
Monaco 1, Lille 1
Brest 0, St. Etienne 0
Caen 2, Toulon 2
Cannes 3, Racing Paris 1
Mulhouse 1, Nice 0
Standings: Bordeaux 34; Marseille 31; Sochaux 24; Monaco 23; Toulouse 23; Paris St Germain 23; St Etienne 22; Lyons 22; Nantes 21; Toulon 20.

SPANISH FIRST DIVISION

Valencia 2, Barcelona 1
Celta 0, Real Madrid 0
Logrones 4, Tenerife 1
Atletico Madrid 0, Real Sociedad 0
Sporting Gijon 1, Rayo Vallecano 0
Cadiz 1, Mallorca 1
Malaga 1, Castellon 1
Sevilla 1, Oviedo 2
Athletic Bilbao 1, Osasuna 1
Zaragoza 2, Valladolid 2
Standings: Real Madrid 21; Real Sociedad, Valencia 18; Barcelona, Atletico Madrid, Osasuna, Oviedo 17; Zaragoza, Mallorca 15; Athletic Bilbao, Logrones, Malaga 14; Sevilla 13; Valladolid, Castellon, Cadiz, Tenerife 11; Gijon 10; Celta 9; Rayo Vallecano 7.

TRANSACTIONS

BASEBALL

National League

PHILADELPHIA—Signed Carmelo Martinez, outfielder, to two-year contract.

BASKETBALL

National Basketball Association

NBA—Fined Akeem Olajuwon, Houston center, $5,000, and J.R. Reid, Charlotte center, $1,000 for fighting in a Nov. 30 game.

NEW JERSEY—Waived Rick Carlisle, guard. Activated Roy Hinson, forward, from injured list.

FOOTBALL

National Football League

L.A. RAMS—Waived Mark Jerue, linebacker. Activated Alfred Jackson, cornerback, from injured reserve.

PITTSBURGH—Signed Mace Gouldsby, defensive tackle, to developmental squad.

WASHINGTON—Activated Neal Olkewicz, linebacker, from injured reserve after he cleared procedural recall waivers. Waived Nate Hill, defensive tackle.

HOCKEY

National Hockey League

NHL—Fined Philadelphia and Winnipeg $10,000 each for violating the league by-law that prohibits teams from lending players to each other.

PHILADELPHIA—Signed Mark Howe, defenseman, to three-year contract. Signed Derrick Smith, left wing, to multiyear contract.

QUEBEC—Claimed Brian Lawton, forward, off waivers from Hartford.

SKIING

World Cup

MEN'S GIANT SLALOM
(Saturday, in Mont Saint-Anne, Canada)

1. Guenther Mader (Austria) 2min 31.84sec; 2. Ole Christian Furuseth (Norway) 2:31.29; 3. Armin Bittner (W.Ger) 2:31.56; 4. Rudolf Nierlich (Austria) 2:31.72; 5. Stefan Eberharter (Austria) 2:31.97; 6. Alberto Tomba (Italy) 2:32.70; 7. Markus Wasmeier (W.Ger) 2:32.94; 8. Mathias Berthold (Austria) 2:32.99; 9. Thomas Strangassinger (Austria) 2:33.33; 10. Johan Wallner (Sweden) 2:33.37.

GIANT SLALOM STANDINGS

1. Furuseth 65 pts; 2. Mader 55; 3. Lars-Boerje Eriksson (Sweden) 45; 4. Pirmin Zurbriggen (Switz) 39; 5. Bittner 34.

OVERALL STANDINGS

1. Furuseth 97 pts; 2. Bittner 70; 3. Zurbriggen 68; 4. Mader 63; 5. Marc Girardelli (Lux.) 49; 6. Tomba 46; 7. Eriksson 45; 8. Bernhard Gstrein (Austria) 30; 9. Urs Kaelin (Switz) 25; 10. Strangassinger 21.

WOMENS SUPER GIANT SLALOM
(Saturday, in Vail, Colorado)

1. Regina Moesenlechner (W.Ger) 1:25.67; 2. Sigrid Wolf (Austria) 1:25.96; 3. Michela Gerg (W.Ger) 1:26.31; 4. Maria Walliser (Switz) 1:26.49; 5. Edith Thys (USA) 1:26.78; 6. Karin Dedler (W.Ger) 1:26.87; 7. Karen Percy (Canada) 1:27.10; 8. Catherine Quittet (France) 1:27.15; 9. Petra Kronberger (Austria) 1:27.29; 10. Heidi Zurbriggen (Switz) 1:27.42.

SUPER GIANT SLALOMM STANDINGS

1. Moesenlechner 37 pts; 2. Anita Wachter (Austria) 25; 3. Kronberger 22; 4. Gerg 21; 5. Wolf; Cathy Chedal (France) and Quittet 20.

OVERALL STANDINGS

1. Gerg 56 pts; 2. Wachter 55; 3. Moesenlechner 53; 4. Kronberger 45; 5. Vreni Schneider (Swi) and Karin Dedler (W.Ger) 29; 7. Quittet 28; 8. Walliser 26; 9. Nathalie Bouvier (France) and Dianne Roffe (USA) 25.

CRICKET

Pakistan vs. India
(In Lahore, Pakistan, Test 3, Day 3)

1st innings: India 509 (all out); Pakistan 159-1.

The New Concierge: A Gladsome Salesman

International Herald Tribune

PARIS — Hotel concierges from 25 countries on all six continents gathered in Paris last week for the 37th annual meeting of Les Clefs d'Or, a group named after the crossed gold keys they wear on their lapels. The meeting was held in the Hotel Meridien-Montparnasse, a glass tower whose service entrance covers the space where Gauguin's studio once stood.

MARY BLUME

By tradition, the hotel concierge is a cool-eyed know-it-all — spiffy, multilingual, unflappable. These days, he or she (a lot of women have entered the profession, particularly in the United States), is expected to have all these qualities and also to be as gladsome as a salesman, as cosy as a barkeep, as wise as a parent.

"I can be a doctor, a priest, a friend. Everything!" says Giovanni Valenti, chief concierge at the Mandarin Oriental in Hong Kong. An ebullient Florentine, Valenti has a smile to dim a dozen halogen bulbs. "The smile is important," he says. "What you are selling is your smile."

The old-style concierge tended to be intimidating in his omniscience. Now his role is to act as a host and to market his hotel. "We are not directly in sales but in a sense we are because if we've lost a client, we've lost a sale," says the representative of Chicago's Mayfair Regency. The emphasis at the first morning's meeting was to *fideliser* the customer as the group's international president, André Damonte, put it in his address: to insure return visits.

"The client wants to feel secure and to be recognized," says Jean Gillet who was chief concierge and then manager of the Hotel Meurice in Paris and who founded an international concierges' school in memory of his concierge father, Ferdinand Gillet. Now that concierges have computers with built-in memories and magnetic cards are replacing keys, the concierge's job, Gillet says, is to sell his hotel.

"They have to sell the hotel's services — the restaurant, the hairdresser — to the client and they must sell the hotel to their city and their country and their colleagues."

"After lunch, work hard and sell your hotels," Damonte told the Clefs d'Or at the end of his address. And they did.

National booths had been set up where concierges delivered their pitches and gave away ballpoint pens, matchbooks and brochures — "The Mythos Guide to Athens and Aegina," "The Road to the Kasbah," "Gstaad My Love," "History Around the Budapest Hilton." The U.S. booth was festooned m balloons, Singapore had chopsticks ("Come and get the flavor of Singapore"), Washington's Holiday Inn a pack of playing cards ("the best deal in town.")

> **'The smile is important. What you are selling is your smile.'**
> Giovanni Valenti

Photographers snapped the concierges giving their spiels so they could show their managers back home that Paris isn't all play. And indeed it isn't: like any browbeaten tourist, the concierges had sent their wives off shopping and would go on a bateau mouche the first night and to the Lido the second.

The opening addresses were inspirational — "He who does not advance retreats" — and also, such is the concierge's nature, cautious. Pierre Porte, French president of the Clefs d'Or and chief concierge at the Meridien-Montparnasse, warned his colleagues of the presence of the press: "Because of our discretion, the press deforms our role. They want gossip. Talk about the Clefs d'Or, give a positive image."

In older days, such a warning would not have been necessary. No proper concierge has ever written his memoirs. "A concierge listens but does not hear," says Gérard Thiault, chief concierge of the Plaza Athenée in Paris.

"I have known la dolce vita, the Kennedys, the Shah," says Tommaso Masci, veteran chief concierge of the Excelsior in Rome. Of course his lips are sealed. "Whenever a client says you should write your memoirs, I say 'but I would have to put you in them.'"

Masci has covered clients' bills as well as their indiscretions. "We know our clients better than our wives," he says. Sales techniques in older days were also more basic. "When we send a client on to the concierge at another hotel, we are saving our hotel a travel agent's commission," points out Thiault.

Today, the concierge has an important role in management, even in the U.S. where the position is relatively new — the concierge used to have the limited function and title of bell captain — and where it is frequently usurped. Luxury apartment buildings, offices and even department stores now have people called concierges, a far cry from the solid gold *professionalism of the legitimate* wearer of the golden key.

"From the manager's point of view, the concierge is not a bell captain, he's a salesman," says Jürg E. Tüscher, the Swiss general manager of Hong Kong's Mandarin Oriental. "Modern hotels rely on the concierge. Important clients don't say hello to me, they say hello to the concierge." Tüscher had just received a diploma making him an honorary concierge.

Tüscher and his concierge, Giovanni Valenti, were the convention's class act: the first Hong Kong representatives at a Clefs d'Or meeting and also because the Mandarin is a perennial feature of the world's 10-best hotels lists. "I would make the list shorter," said Valenti, smiling.

"We are here because we don't want to be the snob standing out, we want to be in the community of top hotels," says Tüscher. He had brought a silver model of a Chinese junk to present to the Clefs d'Or which stood in the center of the Hong Kong booth while Valenti greeted chums and answered queries.

"Some people don't even know where Hong Kong is located," Valenti said in an aside. "They think it's in China or Japan."

The concierge these days, says Tüscher, is part of a hotel's management. While there is rapid turnover at the reception desk, concierges tend to stay on the job for many years — "they can be the soul of a hotel," he says — and it is they who both greet the client and bid him farewell.

"If I need help," Tüscher says, "I go to the concierge."

The Mandarin's clients have usually travelled long, jet-lagged distances and need the cossetting only a concierge can give. The clients are multinational, each with their own customs (the Mandarin's calendar lists not only Western holidays but Thailand's Visakhabuja day, Rizal day in the Philippines, Indonesia's Chung Yeung festival and Singapore's Deepavali). The Japanese, says Tüscher, are the most demanding because they never complain. "If their stay doesn't work out, they simply don't come back."

Valenti left Florence after the terrible floods 23 years ago and worked in London and Cannes before coming to Hong Kong, where he worked as maître d' and reception manager before becoming chief concierge. His dream, he says, is to be a completely *international person* and he is, while keeping a touch of home.

As chief concierge, he has 72 people on his staff, all of them Chinese. And they all say *buon giorno*. "That's beautiful!" he said.

Jean-Marie Labrousse

Valenti: "I can be a doctor, a priest, a friend. Everything!"

LANGUAGE

Century's End and Other Gifts of Gab

By William Safire

WASHINGTON — The holidays advance inexorably; trite phrases like *'tis the season* and *Yuletide cheer* come out of the attic along with the old tinsel, and readers of this column demand specific advice on language books to prevent those on their gift lists from facing the Nifty Nineties at a loss for words.

Not all books that deal with language come under the language-book heading. The best of this cushion-shot genre is "Miss Manners' *Guide for the Turn-of-the-Millennium*," by Judith Martin (Pharos Books). She deals, for example, with telephonic identifications. When you pick up the phone and say, "Hello," and the calling party says "Who is this?", what should you say?

"The answer," writes Miss Martin, often called Miss Manners, "is another question: 'Whom are you calling?' " Note the correct *whom*, a put-down in itself. If you don't want to make the caller feel like an intruding fool, Miss Manners offers the way out: "The method of polite instruction is to say, 'I'm so sorry, but I'm terrible at guessing voices. Who is this, please?' "

Millennium is a hot word that we will see in many titles of books and movies. (Why does *-ennium* have two *n*'s and *enema* only one? Because *enema* is rooted in the Greek, while *millennium* is rooted in the Latin — specifically, the word for "year," also the root of *annual*. It is dealt with in "The World Almanac Guide to Good Word Usage" (Martin H. Manser and Jeffrey McQuain, editors, Pharos Books), and is highlighted in Edwin Newman's introduction: "The first century began Jan. 1 of the year 1 A.D. It follows that the 20th century will not end until Dec. 31, 2000, and that the 21st century will begin on Jan. 1, 2001. Not, repeat not, Jan. 1, 2000, as the common assumption has it."

These guys are going to miss all the parties. Language mavens and bean-counting calendar-watchers can prove their case to their hearts' content, but the big ball is going to drop in Times Square at midnight of Dec. 31, 1999. (The time you let out a whoop — "Hey, look, Pops, the old buggy has just gone 10,000 miles, time to trade it in!" — is when the numbers all change on your odometer, not when the last one moves to 1.) Such linguistic and mathematical correctness gets trompled on and flattened by the hooves of the happily inaccurate herd, leaving a small knot of hard-faced language protesters holding a sign that reads "Not Yet" amid the cork-popping celebrants of the new millennium.

"Waterhouse on Newspaper Style" (Viking/Penguin Books) contains the world's best dictionary of tablodese from Keith Waterhouse of London's Daily Mail. Here are a few words with translations into the lingo of headline hype: avoid, *shun;* attempt, *bid;* difficulty, *snag;* fire, *blaze;* quarrel, *feud;* vital, *key;* exclude, *bar;* possibility, *threat;* restrict, *curb;* reprove, *rap.*

The New New Words Dictionary (Harold LeMay, Sid Lerner and Marian Taylor, editors, Ballantine paperback) has *happenin'* as an adjective, meaning "stylish," as in "those are happenin' pants"; this and *tent-pole movie*, "a sure-fire hit to help support the entire season schedule," were new to me. However, the authors root *the whole nine yards* in tailoring, as the use of a lot of fabric in a suit; the etymon that I consider authoritative is the contents of a cement truck (called by construction purists a *concrete* truck).

Pop etymologists will dig the roots in David Feldman's "Who Put the Butter in Butterfly?" (Harper & Row). Not much new here about *butterfly* — the English butterfly is the brimstone, which is the color of butter, and that may be the source of the name — but I have long been scratching my head about the *origin of cooties*, and am glad to note that it comes from the Polynesian word for a parasite, *kutu*.

For language mavens, of course, there is the explanation of *maven* in Leo Rosten's latest, "The Joys of Yinglish" (McGraw-Hill). It's from Hebrew for "understanding," the plural in Yiddish *meyvenim*. He attributes the English *bottom line* — one sense of which is "the minimal commitment required to conclude this deal" — to a metaphrase from the Yiddish *untershte shure*. (*Metaphrase* is a useful word, meaning "direct, word-for-word translation," in contrast to *paraphrase*, a loose interpretation.)

Rosten has a great ear for the nuance of word emphasis on meaning; one of his entries is "Casting doubt on the sanity of another by stressing one word in a sentence repeated as a question." The example: "You expect *her* father to pick up a *check?*"

A non-language book, "Jewish Folktales," by Pinhas Sadeh (Doubleday and Anchor paperback), has other such nuances.

English teachers will be well instructed by "Growing Up Writing," by the educator Arlene Silberman (Random House), which takes a serious look at the link between writing and straight thinking. The National Council of Teachers of English has published a superb paperback, "Declining Grammar and Other Essays on the English Vocabulary" by Dennis Baron of the University of Illinois. He says, "A few usage critics veer dangerously toward the idiosyncratic in their judgments," and I think he means me.

□

If you're willing to take the trouble to write away for a book, also try "Words &C" (meaning "Words, Etc.") by John F. Gummere, the late language columnist for The Philadelphia Inquirer. In one of his essays, he shows the way languages can shorten words down to a nubbin, *mea domina*, five syllables in Latin for "my lady," is cut to three in Italian's *madonna*, two in French's *madame*. In English, one more letter is clipped in *madam* and one more syllable goes in *m'am*. Finally, there's a vocalic consonant of one letter in *yes'm*.

Lawyers! You have two new chances to make sense of your briefs: "The Lawyer's Guide to Writing Well" by Tom Goldstein and Jethro K. Lieberman (McGraw-Hill) skewers such locutions as *it would seem that* as fearful hedge words, and urges attorneys (a word that implies the passing of the bar, while *lawyer* may not) to avoid the Latin *arguendo* as "pomposity." In "The Writer's Lawyer" (Times Books), Ronald L. Goldfarb and Gail E. Ross list those words that courts have ruled as acceptable and not actionable name-calling: *screwball, lousy agent, stupid, senile, bum, meshuggener.* (For that last, see Rosten.)

If you have somebody down on your list for a $2,500 gift, skip the fur coat and ship the Second Edition of the Oxford English Dictionary. If eclectic reference is your bag, try the new New York Public Library Desk Reference (Webster's New World). It has lists of oxymorons *(pretty ugly, rolling stop, working vacation, deliberately thoughtless, bad health, cardinal sin, justifiably paranoid)* and overlapping acronyms. DAM, for example, stands for both Denver Art Museum and Dayton Art Museum. (I would add Mothers Against Dyslexia.)

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